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Digital Payments and Emotional Distance: An Empirical Study of their Influence on Consumer Spending Behaviour

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Abstract - **The use of digital payments has altered consumer financial behaviour since these forms of transaction do not require face-to-face interactions. In this paper, an investigation was conducted to evaluate the impact of digital payment usage on emotional distance and consumer spending behaviour while examining the role of emotional distance. A quantitative research method was employed with data collected through structured questionnaires administered to 412 retail consumers. Reliability analysis, correlation, and multiple regression were used to analyze the collected data. It is observed that there is a significant relationship between digital payment usage and emotional distance ($\beta = 0.41$, $p < 0.001$) as well as consumer spending behaviour ($\beta = 0.29$, $p < 0.001$). Emotional distance positively impacts consumer spending behaviour ($\beta = 0.52$, $p < 0.001$). The results of mediation analysis show that there is an indirect relationship between digital payment usage and consumer spending behaviour through the mediator variable emotional distance, which is statistically significant ($a \times b = 0.213$). The model explains 57.8% of the variation in consumer spending behaviour, according to mediation analysis ($R^2 = 0.578$). This implies that the findings demonstrate that digital payment systems lower psychological pain related to payment, hence increasing spending behaviour. These findings offer contributions to the literature on behavioral finance and fintech by offering insights into the psychological basis of cashless payments.**

Keywords: **Digital Payments, Emotional Distance, Consumer Spending Behaviour, Financial Technology Adoption, Cashless Transactions, Purchase Decision Making, Consumer Psychology**

I. INTRODUCTION

The introduction of digital payment systems has changed the way consumers transact money in retail settings, service-oriented businesses, and even when making purchases on the internet. With mobile wallets, Unified Payments Interface, debit cards, credit cards, and contactless payments becoming more popular, the process of conducting transactions has become easier and less reliant on physical currency. As such systems become commonplace within everyday consumer activity, academic investigations have shifted from understanding the impact that technology has had on payment behaviour to studying the behavioral consequences of payment methods on consumers (Jain & Jain, 2022).

Cash transactions versus digital ones have had a significant impact on consumer perception of money transactions. Cash transactions involve the physical transfer of money from one individual to another; therefore, this gives consumers more tangible feelings of losing money. Digital payment methods make the transaction process more invisible and easier for consumers. This can lead to a lack of awareness on their side regarding the flow of funds (Ahn & Nam, 2022). This has necessitated further investigation into the effect of technology on purchasing behaviour.

According to the body of knowledge on consumer behaviour, the emotional dimension of payment methods is one of the

important determinants of expenditure behaviour. Emotional detachment refers to lower emotional engagement that consumers experience during payments made through electronic methods. With increasing intangibility, consumers tend to view spending as less meaningful and therefore end up making more purchases and spending more (Park, 2019). Due to the increasing cashless nature of transactions, there has been a growing concern among many scholars regarding the relationship between payment convenience and spending control. A number of empirical studies have found that the uptake of digital payment technologies depends on perceived usefulness, usability, security, and social acceptance (Mehta et al., 2021). Although these variables provide insight into consumer acceptance of the technology, they fail to consider the behavioral implications that follow from acceptance. The development of digital financial ecosystems provides users with an opportunity for instant purchases, one-click payments and seamless transactions, which could affect their spending behaviour (Raya & Vargas, 2022).

Recent research has indicated that cashless payment conditions may impact on purchasing intention and consumption behaviour through the psychological experience of the consumer at the point of sale (Liu et al., 2021). The ease and simplicity offered by electronic forms of payment may limit the cognitive effort needed for completing purchases and thus motivate consumers to purchase goods spontaneously. It is believed that the payment mechanism must not only be analyzed as technology, but also as behaviour (Bruno & Faggini, 2022).

The rise in popularity of mobile payment apps has increased anxiety about overspending behaviour. It is interesting that people using digital payments may exhibit signs of spending more than usual, owing to the fact that they do not experience emotions in making the payment as compared to cash-based payments (Utomo et al., 2025). The behavioral effects associated with using digital payments have many implications in developing countries owing to their increasing usage.

India has greatly benefited from financial inclusion, infrastructural development, and cashless transaction mechanisms thanks to the high acceptability of transactions via UPI. Due to this reason, customers are now able to conduct their transactions instantaneously in both physical and virtual markets. Although many studies have focused on digital payments and their acceptability, very little literature is available regarding the impact of emotional distance on digital payment use and consumption behaviors of customers (Bansal, 2026).

This issue needs to be addressed because consumers' expenditure patterns have an impact on their financial standing as well as that of the businesses and the economy. This knowledge will go a long way in assisting bankers, government, and marketers in creating a convenient payment system that ensures correct consumption. Thus, in the present study, the impact of digital payment uses on emotional distance and how it influences consumers' behaviour will be examined. Specifically, the relationship between the constructs mentioned above will be explored both directly and indirectly to reveal their behavioral implications (Syahrin et al., 2025).

Research Objectives

RO1: To evaluate how consumers' emotional distance is affected by digital payments.

RO2: To investigate how emotional distance affects customer purchasing decisions.

RO3: To explore the impact of digital payment, use on consumer spending behaviour.

RO4: To test for mediation of emotional distance in the impact of digital payment use on consumer spending behaviour.

Research Questions

RQ1: Does the use of digital payments have any significant impact on emotional distance in consumers?

RQ2: What is the effect of emotional distance on consumer behaviour?

RQ3: Is there any significant correlation between the use of digital payments and consumer spending behaviour?

RQ4: Does emotional distance moderate the association between digital payments and consumer behaviour?

Hypotheses

H1: There is a significant positive effect of digital payment usage on emotional distance.

H2: There is a significant positive effect of emotional distance on consumer purchase behaviour.

H3: There is a significant positive effect of digital payment usage on consumer purchase behaviour.

H4: Emotional distance significantly mediates the association between digital payment usage and consumer purchase behaviour.

Key Contributions

- The research constructs a comprehensive theoretical framework relating the use of digital payments, emotional distance, and consumer spending behaviour.
- The study empirically demonstrates that "emotional distance" acts as a significant psychological factor mediating digital payment-induced consumer spending behaviour.
- The research presents statistical evidence that the use of digital payments has a substantial impact on consumer spending behaviour, either directly or indirectly.

- The paper contributes to the behavioral finance literature by discussing how cashless transactions minimize the “pain of payment” process.

This paper is organized in different sections to facilitate the organized presentation of the results of this research. The first section, namely Section I, is the introduction section, where background information on the research topic, research problem, research gap, research objective, and hypotheses related to digital payments adoption and consumer behaviour will be presented. Section II, namely the literature review section, will discuss previous studies on the topics of digital payments adoption, consumer psychology, and consumer spending behaviour, and highlight the research gaps in these areas that call for this research study. Section III, namely methodology, will present the research methodology of this study, including design, sampling strategy, data collection procedures, conceptual model, and analysis model. The Results and Discussion will be highlighted in Section IV via the display of empirical results from the study, where sample characteristics, test reliability results, hypothesis tests, regression results, chart representations, and interpretation of results will be discussed. Lastly, conclusions to the research findings will be drawn out in Section V, where a review of the main results from the research will be highlighted, along with the implications of the study, particularly emotional distance.

II. Literature Review

Due to the rise in usage of digital payments, scientists have been showing interest in the topic for many years now, since it affects consumer behaviour and expenditure patterns. During the last period of time, some features of digital payment systems have been investigated, including acceptance, convenience, spending behaviour, financial discipline, and the psychology behind these processes. An analysis of consumer adoption of mobile payments indicated that perceived utility, efficiency, and security play a critical role in determining the intentions of continued use. It was evident that digital payment services have become an essential aspect of the modern buying process, especially for younger people who attach great importance to convenience and ease while paying (Lakshmanan & Shanmugavel, 2025). Studies on the behavioral implications of cashless payments indicated that consumers are more likely to spend more money when utilizing electronic payment services than when using cash. The rationale behind such spending behaviour is minimized transaction costs and low salience of expenditure (Dieu et al., 2025).

An empirical study into the use of mobile wallets found that convenient payments have a positive influence on consumers' impulsive buying behaviour. Users of mobile payment apps made impulsive purchases due to the low amount of mental work and time spent to complete payments (Hameed et al., 2024). In addition, another study that examined the adoption of FinTech showed that trust, ease of use, and service quality are crucial factors that influence acceptance by consumers. This study also found that frequent use may change consumers' habitual financial behaviour (Petroccione et al., 2025).

In studies conducted regarding digital payment systems, the impact of the payment process on consumer expenditure behaviour has been found. In the study results, it is seen that automated payments make individuals less conscious about their expenses; therefore, they have higher chances of purchasing goods and services unnecessarily. In another study regarding the relationship between the way of paying for goods and financial self-control, it has been found that when people use cash, they tend to be more conscious about their expenditures compared to electronic transactions.

Studies on the influence of psychological factors influencing Internet buying behaviour showed that decreased emotional closeness with money while making purchases electronically facilitates more spending. Psychological distance was noted to be an important factor that influences consumer spending decisions in digital platforms. Studies on consumer behaviour within newly developing digital economies revealed that cashless payment is positively correlated with consumers' purchasing intentions. It was concluded that transaction convenience usually outweighs issues such as spending control for consumers who often use digital payments.

A study conducted empirically on consumers’ e-payment behaviour has shown that customers experience less pain in digital payments compared to physical cash payments. The decrease in perceived pain during the process of payment was observed to be positively correlated with higher expenditure among various products and services. Evidence from consumer finance studies showed that there are both behavioral and psychological aspects of digital payments that affect the expenditure behaviour of consumers. Consumers who use digital payments exhibit more flexibility towards expenditure and are less sensitive to transaction costs.

From the reviewed literature, it is evident that the use of digital payment technologies has a great impact on how people spend their money by virtue of being convenient, efficient, and for psychological reasons. All the current studies have shown that the use of electronic payments makes the process of money expenditure less significant than cash transactions. Furthermore, individuals who use digital payment systems have a high tendency to shop more often. While earlier studies have looked at technology adoption and payment convenience in great detail, there is little work done regarding the concept of emotional distance as a means of explaining the relationship between digital payment usage and consumer spending behaviour. In addition, there is a lack of empirical work that considers the interrelationship of digital payment usage, emotional distance, and consumer spending behaviour in one cohesive framework. Hence, the current study aims to fill this gap by considering the impact of digital payment usage on emotional distance and spending behaviour.

III. METHODOLOGY

3.1 Study Area

The present study was conducted in the Indian context, where the focus was put on retail customers who have already used digital payment systems. The regions involved in the current research include not only urban areas but also semi-urban areas that extensively use such digital technologies as Unified Payments Interface (UPI), mobile wallets, and debit and credit cards. This study is not limited to a particular geographical region; rather, it focuses on a wider group of customers who conduct their retail transactions in India using digital payments.

3.2 Sampling Design and Sample Description

The sampling procedure employed in the selection of the sample included the convenience sampling method. People who make use of digital payments were sampled through the use of this sampling technique. The sampling frame consisted of individuals who were older than 18 years and performed transactions through the use of digital mode, so as to facilitate both online and offline purchases. There were 412 people included in the sample.

Individuals chosen for this study include people who have utilized digital payment services, including services offered by apps with UPI, mobile wallets, debit cards, and credit cards. Selection of such individuals was based on particular criteria that would make sure that the individual is experienced enough to enable him/her analyze his/her emotions and behaviour while making payments.

3.3 Data Collection Procedure

The main method of data gathering involved the use of a structured questionnaire. The questions comprised of utilization of digital payment, emotional detachment, and the consumer behaviour. Each of the questions would have answers that could be scored using the standardized Likert scale. The questionnaire would be distributed both electronically and non-electronically to attract more users of the digital payment systems.

The questionnaire would be categorized into different groups depending on various demographic factors, frequencies, and intensities of the digital payment usage, the psychology of expenditure in terms of distance from the money, and consumer behaviour associated with it. Prior to final distribution, the questionnaire would go through pilot testing to establish its reliability and validity.

3.4 Conceptual Framework Description

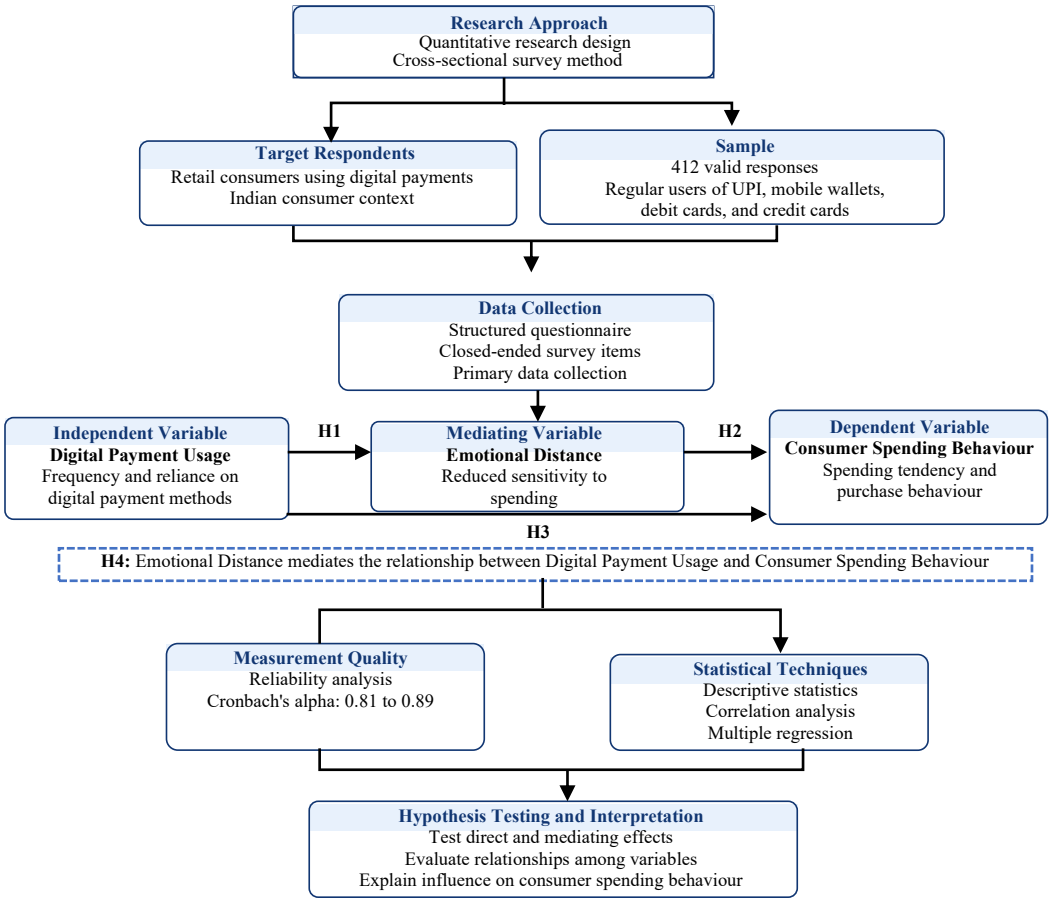


Fig. 1 Methodology Framework for Digital Payment Behaviour Study

In fig. 1 shows the study's conceptual framework, which demonstrates the systematic linkage between the variables. The independent variable of the study is Digital Payment Usage, which pertains to the level and reliance on cashless payment modes. The mediating variable is Emotional Distance, which refers to the diminished psychological sensitivity in consumers while engaging in digital spending. The dependent variable of the study is Consumer Spending Behaviour.

The model assumes that there is a direct relationship between the use of digital payments and emotional distance (H1) as well as consumer expenditure behaviour (H3). It also assumes that emotional distance will impact consumer expenditure behaviour (H2). The mediation (H4) model assumes that emotional distance acts as an intermediary for the impact of digital payment usage on expenditure behaviour.

3.5 Model Specification for Analysis

For the empirical investigation of the relationship between the variables studied in this research paper, the parallel mediation approach was employed by using the ordinary least squares (OLS) regression model. Structural relationships are captured via two regression equations.

Equation (1) captures the impact of Digital Payment Usage (X) on emotional distance (M) as follows:

$$M = \alpha_1 + aX + \varepsilon_1 \qquad (1)$$

In this equation, α_1 is the intercept, $a$represents the regression coefficient capturing the effect of digital payment usage on emotional distance, and $\varepsilon_1$denotes the error term.

Equation (2) examines the simultaneous effects of Digital Payment Usage (X) and Emotional Distance (M) on Consumer Spending Behaviour (Y):

$$Y = \alpha_2 + c'X + bM + \varepsilon_2 \qquad (2)$$

Here, α_2 is the intercept, c'represents the direct effect of digital payment usage on consumer spending behaviour while controlling for the mediator, b captures the effect of emotional distance on spending behaviour, and ε_2 is the error term.

The total effect of Digital Payment Usage on Consumer Spending Behaviour is expressed as equation (3):

$$c = c' + (a \times b) \qquad (3)$$

Where $a \times b$ represents the indirect effect transmitted through the mediating variable Emotional Distance.

3.6 Measurement of Variables

Usage of Digital Payments was operationalized using the frequency of their use, level of dependency on the absence of cash, and preference towards digital payments over cash transactions. Emotional Distance was determined using variables representing decreased psychological awareness of the transaction made, lower pain of payments, and emotional distance from money flow. The consumer behaviour in spending was measured using variables like buying frequency and tendencies towards spending.

3.7 Statistical Techniques and Data Analysis

Data analysis involved the use of descriptive statistics, where demographic information for the respondents was captured, as well as the distribution of variables. Reliability was checked using Cronbach's alpha, whereby the measure was determined to be reliable due to the values being between 0.81 and 0.89.

A Pearson correlation analysis was done to determine the relationship between variables and to establish the direction of the relationship. Multiple regression analysis was used to determine the impact of the independent variables on the dependent variables in relation to the direct effects hypothesis. Mediation analysis was done to determine the indirect effect of digital payments on consumer spending behaviour. The explanatory ability of the model was assessed using R^2.

3.8 Hypothesis Testing and Interpretation Framework

Based on p-values obtained from the regression analysis's output, the hypotheses were examined at a significance level of 0.05. The determination for the acceptance or non-acceptance of hypotheses was made based on whether there is statistical significance, in addition to the direction of the relationship. For the mediation hypothesis, the indirect effect and reduced direct effect were considered.

In conclusion, the methodology used will ensure that an investigation is conducted systematically for both the psychological and behavioral aspects of using digital payments in determining its impact on consumer behaviour.

IV. Results and Discussion

4.1 Sample Details

A total of 412 survey responses were gathered for this research, and these comprised retail customers who are using digital payment mechanisms like UPI, mobile wallets, debit, and credit cards. Respondents were chosen to belong to different demographics for the appropriate representation of digital payment users in India.

The respondents' age, gender, and preferred payment methods are displayed in table I.

TABLE I DEMOGRAPHIC PROFILE OF RESPONDENTS (N = 412)

Category	Sub-category	Frequency	Percentage
Gender	Male	214	51.9%
Gender	Female	198	48.1%
Age Group	18–25 years	142	34.5%
Age Group	26–40 years	186	45.1%
Age Group	Above 40 years	84	20.4%
Payment Mode	UPI	198	48.1%
Payment Mode	Mobile Wallets	76	18.4%
Payment Mode	Debit/Credit Cards	138	33.5%

The majority of respondents, as indicated by table I, are between the ages of 26 and 40, suggesting that working-age customers dominate the usage patterns of digital payments.

4.2 Reliability and Validity Analysis

Reliability analysis was performed using Cronbach's Alpha to test the internal consistency of constructs. The results presented in table II confirm strong reliability across all variables.

TABLE II RELIABILITY ANALYSIS OF CONSTRUCTS

Construct	Cronbach's Alpha
Digital Payment Usage	0.86
Emotional Distance	0.83
Consumer Spending Behaviour	0.89

As shown in table II, all constructs exceed the recommended threshold of 0.70, confirming strong internal consistency and measurement reliability.

4.3 Hypothesis Testing and Regression Results

To examine causal relationships, multiple regression analysis was conducted. The results are summarized in table III, which presents hypothesis testing outcomes.

TABLE III HYPOTHESIS TESTING RESULTS

Hypothesis	Relationship	β Value	p-value	Result
H1	Digital Payment Usage → Emotional Distance	0.41	<0.001	Supported
H2	Emotional Distance → Consumer Spending Behaviour	0.52	<0.001	Supported
H3	Digital Payment Usage → Consumer Spending Behaviour	0.29	<0.001	Supported
H4	Mediation (X → M → Y)	0.213	<0.01	Supported

Strong correlations between the study variables are indicated by the results in table III, which verify that all hypotheses are statistically significant at the 5% level.

The explanatory power of the regression model was evaluated using R and R^2 values. The results are presented in table IV.

4.4 Model Evaluation

TABLE IV REGRESSION MODEL SUMMARY AND PREDICTIVE PERFORMANCE EVALUATION

Model	R	R^2	Adjusted R^2	F-value	Significance
Model 1 (X → M)	0.61	0.372	0.369	241.6	$p < 0.001$
Model 2 (X, M → Y)	0.76	0.578	0.575	279.3	$p < 0.001$

As depicted in table IV below, Model 2 has high explanatory power since its $R^2 = 0.578$, showing that the variation in consumers' expenditure behaviour can be explained by about 57.8%. A very high level of explanatory power signifies high suitability of this model for behaviour research. A high value of R^2 shows that the selected independent variables have high significance in the explanation of changes in consumer expenditure behaviour; on the other hand, unexplained variability (residual variance), which is 42.2% in this case, may be due to a number of external variables including income, financial literacy, lifestyle, and situational stimuli of purchases which have not been considered in this model. In addition, the fact that the adjusted R^2, which is 0.575 in this case, is high shows that this regression model is efficient in its predictions even after considering the size of the sample.

4.5 Metrics Formulae

The statistical analysis was performed using standard mathematical formulations. The Mean is defined in equation (4):

$$\bar{X} = \frac{\sum X_i}{n} \qquad (4)$$

The Standard Deviation is represented by equation (5):

$$SD = \sqrt{\frac{\sum (X - \bar{X})^2}{n}} \qquad (5)$$

Cronbach's Alpha is represented by equation (6):

$$\alpha = \frac{k}{k-1}\left(1 - \frac{\sum \sigma_i^2}{\sigma_t^2}\right) \qquad (6)$$

The Coefficient of Determination is represented by equation (7):

$$R^2 = 1 - \frac{SS_{res}}{SS_{tot}} \qquad (7)$$

The mediation (indirect) effect is represented by equation (8):

$$\text{Indirect Effect} = a \times b \qquad (8)$$

As shown in equations (4)-(8), the study employs standard statistical measures for empirical validation of relationships among variables.

4.6 Graphical Analysis

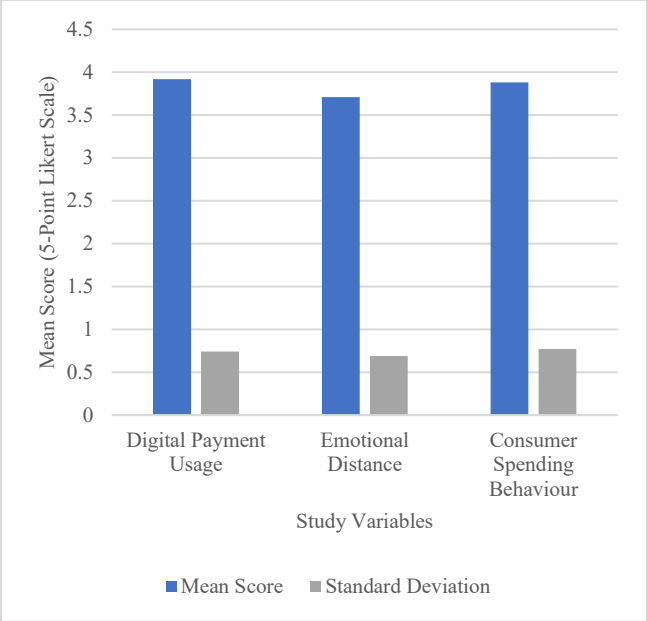


Fig. 2 Mean Score Comparison of Study Variables

In fig. 2 shows the comparison of means of Digital Payment Usage, Emotional Distance, and Consumer Spending Behaviour. The values for the above figure have been obtained through descriptive statistics analysis based on 412 survey responses. It can be seen that the mean for Digital Payment Usage has the highest value, followed by Consumer Spending Behaviour and Emotional Distance. This shows that digital payments usage is positively correlated with emotional distance and consumer spending behaviour.

4.7 Discussion

The result of this research provides strong empirical evidence regarding the significant impact of digital payment usage on consumer psychological perceptions, which then affect the consumer's spending behaviour. According to the findings shown in table III, all proposed hypotheses are supported statistically. This indicates the strength of the conceptual framework developed, as well as the strong structural relationships between the variables of digital payments usage, emotional distance, and consumer spending behaviour. It can be concluded that digital payment usage not only acts as an economic medium but also plays a role in influencing consumer spending behaviour.

The positive connection between Digital Payment Usage and Emotional Distance is highly relevant because it demonstrates a psychological change in consumer behaviour. First, using digital payment systems results in lower awareness of money in the transaction. The use of cash makes consumers more sensitive to the act of paying because physical money is exchanged. However, digital payment systems eliminate the direct physical act of paying by removing cash from transactions. As such, the use of digital payment systems has little to do with financial losses since money is not used in transactions. The connection between the variables described above is consistent with behavioral finance studies, specifically the "pain of payment" idea.

In addition to that, it is established that the variable of Emotional Distance shows a considerable impact on Consumer Spending Behaviour. This means that consumers who feel less emotionally attached to their expenses tend to act impulsively and spend without any pre-planning. The feeling of psychological detachment associated with the use of electronic payments diminishes individuals' control over their spending behaviors. This result can be easily linked to earlier behavioral research, which states that decreased mental processing associated with transactions increases the likelihood of overspending behaviour.

Furthermore, the mediation model, depicted by equation (2), (3) and (8), provides additional evidence of the Partial Mediating Effect of Emotional Distance on the association between Digital Payment Systems and Consumer Spending Behaviour. The existence of partial mediation further indicates that although emotional distance serves as one of the primary channels through which the influence is exerted, there might be some other factors, such as convenience and rewards, influencing consumers' decisions as well.

In conclusion, the above discussion shows how the growth of digital payment systems has led to a radical shift in consumer behaviour through technology and detachment. The above findings show that consumer behaviour in a digital setting is influenced more by cognitive biases and emotional insensitivity, as opposed to economic rationale. It is therefore important to note how the issue of fintech adoption should be analyzed from a behavioral and psychological angle, besides being looked at as an issue of technology in fast-digitizing societies where transactions have become cashless.

4.8 Recommendations and Implications

The following behavioral controls may be instituted by financial institutions to mitigate the risk of overspending: alerts, summary of transactions, and budgeting dashboards. Financial authorities are encouraged to improve financial literacy initiatives to promote prudent usage of digital payments.

Businesses should understand that easy-to-use payment systems lead to increased purchasing likelihoods and incorporate this knowledge in their marketing strategies. The study's recommendations will be valuable to fintech firms that wish to encourage prudent consumer behaviour.

4.9 Suggestions for Future Research

Longitudinal methods might be applied by future researchers in studying behaviour change in subsequent stages. Sophisticated analysis techniques, such as Structural Equation Modeling (SEM), as well as machine learning techniques, could be utilized in performing further studies on this topic. Possible psychological moderators in the study

could be taken into account, such as financial literacy, self-control, and risk perception.

V. Conclusion

In the specific study, the link between using digital payment methods, feelings of distance, and consumer spending patterns has been evaluated using a sample size of 412 retail consumers. This analysis has resulted in concrete evidence to establish that the use of digital payments influences not just the perceptions of consumers but also their spending behaviors. Based on the results, the use of digital payments has a positive significant effect on emotional distance ($\beta = 0.41$, $p < 0.001$). Moreover, it was observed that emotional distance has a highly significant impact on consumer spending behaviour ($\beta = 0.52$, $p < 0.001$), which indicates that the less emotionally involved consumers are with their finances, the more likely they are to spend money. In addition, digital payment adoption had a highly significant direct effect on consumer spending behaviour ($\beta = 0.29$, $p < 0.001$).

According to the results obtained from the mediation test, emotional distance partially mediated the relationship between digital payment adoption and consumer spending behaviour, which yielded an indirect effect size of 0.213. This suggests that the effects of digital payments on spending behaviors are largely channelled through psychological processes. On the other hand, the model accounted for 57.8% of the variance in consumer spending behaviour ($R^2 = 0.578$). On the whole, the results of the study demonstrate that apart from making transactions more convenient for consumers, digital payment mechanisms affect the psychology of the latter regarding their attitude towards money, which increases spending activity. These results reveal the significance of including behavioral aspects in the design and regulation of financial technology.

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