



Cashless Spending Experiences and the Pain of Paying: A Qualitative Study of Digital Payment Use

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Abstract: The widespread adoption of digital payment systems has fundamentally altered how individuals perceive and engage with money. This qualitative study examines the psychological dimensions of cashless spending among young Indian adults aged 21–28, with particular focus on the "pain of paying" the emotional discomfort associated with financial outflows. Using a phenomenological design and semi-structured interviews with 12 participants drawn from diverse professional backgrounds, the study identified seven core themes: digital abstraction and the unreal nature of money; the micro-spend trap and realisation gap; cash as a strategic cognitive brake; affective regulation and the boredom-impulse loop; social financial dynamics in group transactions; perceptual gamification of monetary value; and automation and invisible costs. Findings reveal that frictionless digital interfaces reduce emotional feedback during spending, weaken psychological ownership of money, and foster habitual rather than deliberate financial decision-making. Participants demonstrated adaptive agency strategically reverting to cash to restore spending awareness. Theoretical grounding in dual-process theory, mental accounting, and behavioural economics contextualises these lived experiences. The study underscores the need for transparent, psychologically informed digital payment design and targeted financial literacy interventions.

Keywords: *Digital Payments; Pain of Paying; Behavioural Finance; Cashless Transactions; Consumer Psychology; Financial Self-Regulation; UPI; Qualitative Research.*

1. Introduction

The transition from physical currency to digital payment systems represents one of the most consequential shifts in everyday financial behaviour. In India, the Unified Payments Interface (UPI) has accelerated this transformation, embedding cashless transactions into the routines of millions of citizens. While the efficiency gains are well documented, the psychological consequences of spending without tangible monetary exchange remain insufficiently understood.

Central to this inquiry is the concept of the pain of paying — the negative emotional response that accompanies financial outflows (Broekhoff & van der Cruisen, 2024). Research consistently demonstrates that physical cash payment elicits greater emotional salience than digital transactions, functioning as a natural brake on impulsive spending. When money is reduced to numbers on a screen, the psychological "sting" of spending diminishes, potentially disrupting financial self-regulation.

India's digital payment ecosystem presents a unique context for this investigation. UPI applications incorporate gamified features instant cashback, scratch cards, audio confirmations that may further attenuate spending awareness. Despite a growing body of international literature on cashless behaviour, qualitative exploration of subjective spending experiences within India's UPI-first environment remains limited.

This study addresses that gap through phenomenological inquiry, privileging the lived experiences of young adults who have come of age alongside digital payments. By exploring how participants emotionally process, regulate, and reflect on digital spending, the research aims to enrich theoretical understanding and inform the design of more psychologically transparent payment systems.

2. Review of Literature

2.1 *Behavioural Consequences of Digital Payment Systems*

Digital payment systems do more than facilitate transactions they function as behavioural architectures that reshape financial decision-making. Schomburgk et al. (2024), in a meta-analysis of 71 studies, confirmed a statistically significant "cashless effect" whereby consumers spend more when using non-cash methods. The effect is moderated by context, being stronger in conspicuous consumption and weaker in pro-social spending, and has attenuated over time as consumers gain familiarity.

Broekhoff and van der Cruisen (2024) demonstrated that electronic payments particularly contactless are perceived as less painful than cash. Cash is regarded as the most effective deterrent to overspending, while contactless payment ranks lowest in perceived restraint. Duan (2025) situates these findings within behavioural economics, noting that digital interfaces reduce loss salience and can promote present-biased consumption through frictionless design and personalised recommendation.

Within the Indian context, Sahu (2025) found that UPI-preferring college students exhibited lower financial self-regulation and higher impulsivity than cash users, despite expressing high trust in the platform. Rasool and Wani (2026) further demonstrated that perceived safety enhances trust and expenditure, though loss aversion can simultaneously create reluctance to adopt digital systems.

2.2 Pain of Paying and Emotional Attenuation

The pain of paying serves as an endogenous self-regulatory mechanism. Handing over physical cash produces an affective discomfort that slows spending; the abstraction of digital payment dulls this response. Yahfi et al. (2025) found that digital payment use significantly increased impulsive purchasing among Generation Z students, an effect moderated by financial literacy. Agarwal and Subnani (2025) developed a conceptual model linking digital payment use to reduced psychological aversity, impulsive spending, and deteriorating financial management attitudes.

Importantly, the relationship is not universal. Limbrick-Oldfield et al. (2021) found mixed experimental results on whether payment mode affected gambling behaviour, suggesting that emotional attenuation is context-dependent, shaped by individual affect and situational factors.

2.3 Frictionless Design, Cognitive Automation, and Impulsive Buying

Dual-process theory provides an explanatory framework for understanding how seamless payment interfaces affect behaviour. Suandana and Kherismawati (2025) found that 65% of participants reported that transaction speed prevented reconsideration of unnecessary purchases, consistent with the theoretical mechanism whereby frictionless interfaces prioritise automatic System 1 responses over reflective System 2 deliberation.

Swarnalatha and Kalaivani (2025), in a systematic review of 72 papers, identified four convergent mechanisms: reduced transaction friction, emotional interface cues, invisible or delayed payment reducing psychological discomfort, and instant payments increasing cognitive

load. Doan et al. (2024) found that mindfulness moderated the relationship between cashless payments and impulsive buying, suggesting that awareness-based interventions can counteract interface-induced automaticity.

2.4 Psychological Ownership and Mental Accounting

Khan and Belk (2024), using cross-cultural qualitative focus groups in China and New Zealand, demonstrated that physical cash elicits stronger psychological ownership than digital balances. Tactile contact with money counting, holding, handling intensifies the subjective sense of "mine", making its loss more emotionally salient. Digital wallets, by contrast, were described as convenient but less emotionally real.

Hou et al. (2021) provided large-scale empirical evidence that households using digital payments consumed 20.63% more than those using traditional methods, mediated by enhanced transaction utility and flexible mental accounting. Chai and Qi (2021) demonstrated that mobile payments significantly increase household debt risk, with effects most pronounced among rural, low-income, and low-education households highlighting socioeconomic vulnerability within digital financial ecosystems.

3. Methodology

3.1 Research Design

This study adopted an interpretivist, phenomenological design to explore the subjective experience of digital payment use. The phenomenological approach was selected because the phenomena under investigation — payment-related emotional discomfort, habitual spending, and post-purchase affect — resist quantification. The aim was to understand meaning as it is lived, not simply measure what is done.

3.2 Participants and Sampling

Twelve participants aged 21–28 were recruited through purposive sampling. The sample included university graduates seeking employment, corporate professionals, aviation trainees, and school teachers representing diverse occupational stress profiles and financial contexts. All participants had used digital payment platforms (UPI applications, credit/debit cards, or mobile wallets) for a minimum of one year. Sampling continued until thematic saturation was achieved.

3.3 Data Collection

Face-to-face, semi-structured interviews were conducted in English, audio-recorded with

informed consent, and transcribed verbatim. The interview guide was organised into four thematic blocks: everyday payment habits; emotional responses to digital transactions; unplanned or habitual expenditure; and post-purchase awareness. The laddering technique was employed to trace surface behaviours to underlying psychological constructs. Field notes recorded paralinguistic cues including hesitations, laughter, and tonal variation.

3.4 Data Analysis

Thematic analysis followed the six-phase framework of Braun and Clarke (2006): familiarisation with data, initial coding, theme identification, theme review, theme definition and naming, and write-up. Coding was conducted manually to maintain close engagement with participant narratives. Theoretical integration with behavioural economics and psychological ownership theory was applied at the interpretive stage.

3.5 Rigour and Ethics

Credibility was established through member checking; transferability through rich contextual description; dependability through systematic audit trails; and confirmability through reflexive documentation. All participants provided written informed consent, participation was voluntary, and anonymity was preserved throughout. Data were stored on encrypted media. Ethical procedures adhered to Amity University research guidelines.

4. Results and Thematic Analysis

Thematic analysis yielded seven themes, each capturing a distinct dimension of the psychological experience of digital payment use.

Theme 1: Digital Abstraction and the Unreal Nature of Money

Participants consistently reported that digital spending felt less real than cash payment. One participant noted: "When we paid in cash, we could physically see the money leaving our hands... but with online payments, it feels too easy. It doesn't feel as valuable or serious as cash used to feel" (P12). Another described a temporal displacement of awareness: "I don't notice the money leaving at all... Until it's the end of the month, I feel like God is paying for me" (P6). These accounts reflect the reduced emotional salience of digital transactions, consistent with evidence that cashless payment diminishes the pain of paying (Broekhoff & van der Crujisen, 2024) and weakens psychological ownership of money (Khan & Belk, 2024).

Theme 2: The Micro-Spend Trap and the Realisation Gap

Small digital transactions accumulated without conscious notice, producing shock at the point of account review. Participants described a temporal gap between spending and awareness: "When I open my bank app and see the total monthly expenditure, I'm shocked. Then I see all the small transactions — ₹50, ₹250, ₹350 — and they add up" (P10). Another observed: "It's not always one big purchase — it's small amounts adding up over time... since it happens often, I sometimes just shrug it off" (P11). This habituation the emotional blunting of repeated small payments — reflects the mental accounting dynamics documented by Hou et al. (2021), wherein digital categorisation of expenditure promotes underestimation of cumulative cost.

Theme 3: Cash as a Strategic Cognitive Brake and Self-Regulation

Despite preferring digital payments for convenience, several participants deliberately withdrew cash as a self-regulatory tool: "Sometimes when I want to save money, I withdraw cash from the ATM... Keeping cash helps me control my spending" (P12). Another observed: "With UPI I spend quickly, but with cash I think twice before giving money" (P2). This strategic reversion to physical currency introduces deliberate friction, re-engaging System 2 deliberation where digital interfaces promote System 1 automaticity (Suandana & Kherismawati, 2025). It also reflects persistent recognition of cash's effectiveness as a spending restraint (Broekhoff & van der Cruijssen, 2024).

Theme 4: Affective Regulation and the Boredom-Impulse Loop

Participants reported using digital spending as an emotional coping mechanism: "During Pongal holidays, I was bored and started scrolling shopping websites... I ended up ordering an expensive watch that I didn't even need" (P9). Food delivery emerged as a common stress-response: "When I'm stressed or overwhelmed, I scroll through food delivery apps... it lifts my mood" (P12). These accounts illustrate how the low friction of digital payment transforms emotional states into spending impulses. The seamlessness of the transaction — absent the physical deliberation of handing over cash — reduces the psychological threshold between emotional trigger and purchase execution.

Theme 5: Social Financial Dynamics in Group Transactions

Digital payments reshaped cost-sharing dynamics within peer groups. Participants described how the ease of a single person paying for multiple friends introduced informal financial imbalances: "Small things add up. Poha costs ₹50, but if I'm paying for 4–5 friends, it becomes

₹200–₹250. If it were cash, everyone would've paid their share" (P7). Digital coordination simplified group logistics but deferred individual cost awareness, with cumulative social expenditure often only recognised retrospectively. This aligns with Li et al. (2021), who documented how digital peer-to-peer payments alter relational financial dynamics and introduce subtle social pressure.

Theme 6: Perceptual Gamification and Virtual Valuation of Money

Participants described the experience of digital spending in explicitly playful terms: "It feels gamified — like the money is slipping away. It doesn't really feel like spending real money" (P7). Another offered: "Cash feels real, while digital feels artificial like playing a game or spending in a simulation" (P3). The interface design of UPI applications smooth animations, confirmation sounds, reward notifications — produces an experiential register more consistent with gaming than financial exchange. As one participant noted, the confirmation sound existed but "still doesn't feel like losing money" (P6). This gamification further erodes the affective signal of expenditure without altering the actual financial outcome.

Theme 7: Automation and Invisible Costs in Digital Financial Systems

Automatic payments surfaced as a source of diminished financial awareness. Participants described being caught off guard by deductions: "Sometimes auto-pay gets deducted unexpectedly" (P12). In response, some participants deliberately disabled automated features: "I remove auto-pay options because I prefer manual awareness of payments" (P11). Others only recognised recurring subscription costs when reviewing statements: "Subscriptions run in the background, and I only notice when I check the statement" (P4). Automation, while convenient, severs the conscious link between expenditure and awareness, consistent with evidence that automated payments are perceived as less painful and therefore less salient (Broekhoff & van der Crujsen, 2024).

Table 1: *Summary of Themes, Representative Quotes, and Analytical Notes*

Digital Abstraction & Unreal Nature of Money	"It doesn't feel as valuable or serious as cash used to feel."	P12	Reduced sensory feedback alters experiential spending awareness.
Micro-Spend Trap & Realisation Gap	"I'm shocked... all the small transactions — ₹50, ₹250, ₹350 — and they add up."	P10	Micro-transactions create cumulative

			effects realised retrospectively.
Cash as Cognitive Brake & Self-Regulation	"Keeping cash helps me control my spending."	P12	Cash is used as a deliberate self-regulatory tool to restore friction.
Affective Regulation & Boredom-Impulse Loop	"I was bored and ended up ordering an expensive watch I didn't even need."	P9	Emotional states drive consumption as a digital coping mechanism.
Social Financial Dynamics in Group Transactions	"If it were cash, everyone would've paid their share."	P7	Digital coordination modifies traditional cost-sharing dynamics.
Perceptual Gamification & Virtual Valuation	"It feels gamified — like the money is slipping away."	P7	Interface design influences emotional framing of transactions.
Automation & Invisible Costs	"I remove auto-pay options because I prefer manual awareness."	P11	Automated systems reduce friction but limit immediate financial awareness.

5. Discussion

The seven themes collectively illuminate how digital payment systems reshape the psychological landscape of financial behaviour. The foundational mechanism is the attenuation of the pain of paying. Participants described digital spending as lacking the emotional weight of cash — consistent with Broekhoff and van der Cruisen's (2024) demonstration that electronic payment is perceived as significantly less painful than handing over physical currency. This reduction in affective feedback weakens the natural brake on spending, aligning with the "cashless effect" documented by Schomburgk et al. (2024).

The micro-spend trap, Theme 2 represents a practical manifestation of disrupted mental accounting. Participants systematically underestimated cumulative small expenditures, discovering their true financial impact only during account review. This retrospective awareness

parallels Hou et al.'s (2021) finding that digital payment users consume substantially more than cash users, mediated by the flexible mental categorisation enabled by digital interfaces.

Critically, participants were not passive actors. Theme 3 reveals deliberate adaptive agency: the strategic use of cash as a cognitive brake when financial discipline was prioritised. This finding reframes the cash-versus-digital debate; participants did not reject digital convenience but intelligently modulated payment mode to match their self-regulatory needs. This adaptive behaviour is consistent with Van der Crujsen and Reijerink's (2024) research on cash as a self-control mechanism.

The affective regulation theme (Theme 4) extends beyond impulse buying to reveal the emotional functionality of digital spending. Boredom and stress drove platform engagement, transforming mood states into purchase execution through the low friction of digital interfaces. The absence of physical deliberation — no reaching for a wallet, no counting of notes compresses the temporal window for reflective reconsideration, privileging System 1 automatic responses over System 2 deliberative processes (Suandana & Kherismawati, 2025).

Social and gamification themes (5 and 6) illuminate less explored dimensions of the cashless experience. Group transactions altered cost-sharing dynamics, introducing informal financial imbalances made invisible by the convenience of single-payer digital settlement. The gamified interface design of UPI applications produces a transactional register emotionally closer to entertainment than financial exchange, further distancing users from the experiential reality of monetary loss.

Finally, automation (Theme 7) reveals how background financial processes recurring subscriptions, auto-debit — systematically exclude expenditure from conscious awareness. This is perhaps the most insidious dimension of digital payment's psychological impact: money leaves without any conscious engagement whatsoever. The finding that participants actively disabled auto-pay to restore financial awareness reflects an understanding of how default system architecture can undermine financial self-control (Sakaguchi & Stewart, 2022).

These findings have both theoretical and practical significance. Theoretically, they support the integration of psychological ownership theory, dual-process theory, and the pain of paying framework as complementary explanatory lenses for digital financial behaviour. Practically, they indicate the need for payment interfaces that deliberately restore affective salience spending

summaries, friction-introducing prompts, and configurable automation without sacrificing the convenience that drives digital adoption.

6. Conclusion

This study provides qualitative evidence that digital payment systems alter not merely the mechanics of financial exchange but the psychological experience of spending itself. Through seven themes derived from phenomenological inquiry, the study demonstrates that digital abstraction reduces emotional salience, micro-transactions accumulate unnoticed, and automated systems sever conscious financial engagement — collectively weakening the self-regulatory infrastructure that physical cash naturally supports.

Equally important is the finding of participant agency: individuals adaptively modulated payment method, strategically reverting to cash to restore spending awareness. This indicates that psychological literacy about one's own financial behaviour can buffer the effects of frictionless design.

The practical implications are clear. Digital payment interface designers should incorporate transparency features real-time spending summaries, category alerts, and friction-introducing confirmation prompts to restore affective feedback without sacrificing usability. Financial literacy curricula should explicitly address the psychological mechanics of digital spending, including mental accounting biases and the boredom-impulse loop. Policymakers in India's rapidly digitalising economy should consider mandating minimum transparency standards for consumer-facing payment applications.

6.1 *Limitations and Future Directions*

This study's qualitative, purposive design limits statistical generalisability. The participant sample, while occupationally diverse, reflects a relatively homogeneous age cohort and educational profile. Self-report retrospective accounts introduce the possibility of recall bias. Future research should employ mixed-methods designs integrating objective transaction data with interview narratives, enabling validation of subjective accounts against actual spending patterns. Longitudinal tracking would illuminate whether the behavioural effects of digital payment use attenuate, persist, or intensify over time. Cross-cultural and cross-socioeconomic comparative studies would further determine the extent to which the identified themes are universal versus contextually specific to India's UPI ecosystem.

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