ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

Digital Payments and Consumer Spending Behaviour: Examining the Role of Convenience, Promotional Incentives and Impulse Buying in Urban Nepal

Abdul Rahman[1]; Parameshwara Acharya[2]

[1;2]Ph.D.; Faculty of Management, Madhesh University, Associate Professor, Mangalore University (India)

Publication Date: 2026/11/21

Abstract: Digital payment services have increasingly transformed consumer purchasing practices and financial transactions in Nepal. This study examines the implications of digital payment services for the spending patterns of urban consumers, focusing on perceived convenience, promotional incentives, impulse purchasing, perceived overspending, expenditure monitoring and household savings. The study adopts a quantitative, cross-sectional research framework involving a structured questionnaire designed for 400 adult digital-payment users across eight majors urban centers in Nepal. The analysis examines consumer spending behaviour through descriptive statistics, reliability analysis, correlation analysis, group comparisons, chi-square tests and multiple linear regression. The regression results indicate that perceived convenience (B = 0.236, p < .001) and promotional incentives (B = 0.229, p < .001) are positively and significantly associated with the spending index, whereas payment frequency is not a statistically significant predictor (B = −0.018, p = .488). The regression model explains 23.8% of the variation in the spending index (R^2 = 0.238; adjusted R^2 = 0.212). The analysis highlights the importance of payment convenience and promotional incentives in understanding consumer spending tendencies and the relationship between digital transactions and household financial management. The study contributes to the discussion of digital payment adoption and consumer financial behaviour in Nepal.

Keywords: *Digital Payments, Consumer Spending Behaviour, Digital Wallets, QR Payments, Promotional Incentives, Impulse Purchasing, Overspending, Household Savings, Nepal.*

How to Cite: Abdul Rahman; Parameshwara Acharya (2026) Digital Payments and Consumer Spending Behaviour: Examining the Role of Convenience, Promotional Incentives and Impulse Buying in Urban Nepal. *International Journal of Innovative Science and Research Technology*, 11(11), 953-962. https://doi.org/10.38124/ijisrt/26nov565

I. INTRODUCTION

The rapid development of information and communication technology has significantly transformed the financial transaction system and consumer behaviour across the world. Traditional cash-based payment methods are increasingly being complemented by electronic payment systems, including mobile wallets, mobile banking, internet banking, QR-code payments and debit and credit cards. These technological developments have made financial transactions faster, more accessible and convenient for consumers. Digital payment systems allow individuals to purchase goods and services, transfer money, pay utility bills and conduct financial transactions without necessarily carrying physical cash. The growing adoption of these payment facilities has gradually changed the way consumers manage their daily financial activities and make purchasing decisions. In Nepal, the adoption of digital payment systems has increased considerably with the expansion of banking services, internet connectivity, smartphone usage and financial technology. Nepal Rastra Bank (NRB) has played an important role in developing and regulating the country's digital payment ecosystem. The availability of mobile wallets, QR-based payment facilities, mobile banking and electronic fund transfer services has encouraged consumers and businesses to move towards electronic transactions. According to Nepal Rastra Bank (2025), the number of mobile wallet users reached 23.46 million by mid-July 2024, while mobile banking users reached approximately 24.65 million. These developments indicate the increasing importance of digital financial services in Nepal's payment system. Rahman (2023a) examined digital finance in Madhesh Province and identified access, usage and service quality as important dimensions of digital financial inclusion. Digital payment facilities such as eSewa, IME Khalti, Fonepay QR, connect IPS and mobile banking applications have become increasingly visible in everyday commercial transactions. Consumers can use these facilities to make payments at supermarkets, retail shops, restaurants, shopping malls and other business establishments. Similarly, digital payment

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

systems facilitate online shopping, utility bill payments, ticket bookings and person-to-person money transfers. Nepal Rastra Bank (2025) reported that QR-based payment transactions increased by 117.03 percent in volume and 103.66 percent in value during fiscal year 2023/24 compared with the previous fiscal year. This expansion reflects the growing acceptance of QR-based transactions among consumers and businesses in Nepal. Research on Nepalese e-banking has also considered electronic banking use, customer characteristics and the importance of trust and fraud-control mechanisms (Acharya & Rahman, 2021).

- *Convenience and Faster Transactions*

One of the major advantages of digital payment systems is the convenience and speed of financial transactions. Consumers can make payments through mobile applications and QR codes without the need to carry physical cash or visit banking institutions. Digital payment facilities also enable consumers to complete transactions at different times and locations, depending on service availability and internet connectivity. These facilities reduce the time and effort required for routine financial transactions. The expansion of digital payment infrastructure has therefore contributed to the transformation of traditional payment practices. The Asian Development Bank (2026) highlights the importance of improving digital payment infrastructure, interoperability and regulatory arrangements for strengthening Nepal's payment ecosystem.

- *Reduction in Transaction Costs*

Digital payment systems can reduce certain transaction-related costs associated with traditional cash handling and financial transfers. Consumers can use mobile banking, digital wallets and QR-based facilities to transfer funds and make payments without physically visiting banking institutions. Depending on the service provider and transaction type, some digital transactions may be available at low cost or without direct service charges. For businesses, digital payment facilities can also simplify payment collection and transaction records. However, applicable service charges, transaction limits and other conditions may vary across financial institutions and payment service providers.

- *Discounts, Promotional Offers and Cashback Benefits*

Another important feature of digital payment system is the availability of promotional incentives such as cashback, discounts, reward points and special offers. Payment service providers and business establishments use promotional campaigns to encourage consumers to adopt digital payment facilities and increase transaction activity. Such incentives may influence consumer purchasing decisions by encouraging individuals to purchase products and services during promotional periods. Consumers may sometimes purchase additional products or spend more than originally planned to obtain cashback benefits or promotional discounts. Research on the cashless effect suggests that payment methods can influence consumer spending, although the magnitude of this relationship depends on consumption situations and other contextual factors (Schomburgk et al., 2024). In related work on digital markets, Rahman (2025a) examined price discrimination and competition in Nepalese e-commerce, providing a relevant consumer-market perspective on how digital platforms shape market choices.

- *Transaction Records and Financial Management*

Rahman (2024) further discussed the role of AI-enabled mobile banking channels in financial literacy, a subject relevant to consumers' capacity to understand and manage digital financial transactions. Digital payment systems provide electronic records of financial transactions, enabling consumers to review their payment history and monitor their expenditure. Mobile banking applications and digital wallets generally provide transaction statements that help users identify their payment activities and maintain records of financial transactions. These facilities may support household budgeting, expenditure monitoring and financial planning. However, the availability of transaction records does not necessarily ensure effective financial management, as consumers must actively review and use the information to control their spending.

- *Expansion of Digital Payment Services*

The expansion of digital payment services has created additional opportunities for consumers and businesses in Nepal. Mobile wallets, QR-based payments, electronic fund transfers and online payment facilities have increased the accessibility of financial transactions. The development of interoperable payment infrastructure has also become an important aspect of strengthening the digital financial ecosystem. Nepal's digital payment environment is evolving through improvements in payment infrastructure, institutional arrangements and regulatory frameworks (Asian Development Bank, 2026). These developments are contributing to the wider use of electronic payment facilities in urban commercial activities.

- *Digital Payments and Changing Consumer Spending Behaviour*

Although digital payment systems provide several advantages, their increasing use may also influence consumer spending behaviour. Unlike cash transactions, digital payments do not always involve the physical handling of money. Consequently, consumers may experience a different level of awareness when making electronic payments compared with cash payments. Ngai and See-To (2019) examined the relationship between payment technologies, consumption psychology and spending behaviour and found that the payment process can influence consumers' subjective awareness of spending. Similarly, Schomburgk et al. (2024), through a meta-analysis of 71 studies, identified a small but statistically significant cashless effect, indicating that consumers tend to spend more when using cashless payment methods compared with cash, although the effect varies across circumstances. Related studies by Rahman (2023b, 2023c) discuss artificial intelligence in banking services, including customer interaction, payment-related fraud detection and service delivery. Rahman and Shrestha (2026a) also examine AI adoption in Nepalese banks, while Rahman and Shrestha (2026b) discuss fintech and financial inclusion in emerging economies. In Nepal, the growing availability of digital wallets, QR payments and mobile banking facilities

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

provides an important context for examining these issues. Promotional incentives, ease of transactions and the increasing use of electronic payment facilities may influence purchasing decisions, impulse buying and expenditure management. A study by Ranjit et al. (2025) on e-wallet adoption in Nepal identified factors such as ease of use, social influence, security, occupation, transaction frequency and literacy as important determinants of e-wallet adoption. These findings highlight the importance of understanding consumer experiences within Nepal's developing digital payment environment. Rahman (2023a) provides Nepal-specific evidence on digital financial inclusion, while Rahman and Shrestha (2026b) extend the discussion to fintech-enabled inclusion in emerging economies. Rahman (2023d) also considers the relationship between digital currency and technology-related market indices. The relationship between digital payment usage and consumer spending behaviour is therefore an important area of investigation. While digital payment systems can improve transaction convenience and financial accessibility, their influence on spending discipline, household savings and long-term financial planning requires further examination. Understanding these relationships is particularly relevant in major urban areas of Nepal, where consumers have increasing access to digital payment facilities and diverse purchasing opportunities. Against this background, the present study examines the implications of digital payment systems on the spending patterns of urban consumers in Nepal. It focuses on digital payment preferences, promotional offers, cashback incentives, impulse purchasing, overspending and perceived changes in household savings. The study aims to provide empirical evidence from major urban areas of Nepal and contribute to a better understanding of the relationship between digital financial services and consumer financial management.

II. REVIEW OF LITERATURE

- *Digital Finance and Financial Inclusion in Nepal*

Rahman (2023a) examined digital finance as a mechanism for financial inclusion in Nepal's Madhesh Province. The study focused on access to digital banking, usage and service quality, and reported that these dimensions were significantly associated with digital financial inclusion. Although financial inclusion is not identical to consumer spending behaviour, the study establishes a Nepal-specific context in which digital financial services are becoming part of routine financial activity. Rahman and Shrestha (2026b) further examined fintech and financial inclusion in emerging economies, discussing how mobile money, digital lending and online banking can reduce barriers to formal financial services. Together, these studies support examining digital payment use within the broader development of digital finance.

- *Electronic Banking, Trust and Digital Payment Infrastructure*

Acharya and Rahman (2021) examined e-banking in Nepal and electronic banking risk management. Their work considered the use of electronic banking and highlighted the relevance of customer characteristics, fraud prevention and trust in the development of electronic banking services. These issues are pertinent to digital payments because consumers' willingness to use wallets, mobile banking and QR-based systems may depend not only on convenience but also on perceived security and confidence in payment channels. The present study therefore considers the expansion of payment services alongside consumer experiences and expenditure practices.

- *Digital Banking, Financial Literacy and Consumer Capability*

Rahman (2024) investigated the role of artificial intelligence in financial literacy across mobile applications and physical banking channels. The study's focus on the delivery of financial information through digital banking channels is relevant to consumer capability: access to digital payment services does not automatically mean that users can monitor transactions, understand financial consequences or manage household expenditure effectively. The current study extends this line of inquiry from financial literacy and banking channels to expenditure monitoring and perceived household savings.

- *Artificial Intelligence and the Transformation of Banking Services*

Rahman (2023b) discussed the use of artificial intelligence in the banking sector, including customer support, fraud detection and the delivery of banking services. Rahman (2023c) similarly examined AI applications in modern banking, with attention to service automation, fraud detection and investment-related functions. Rahman and Shrestha (2026a) considered the adoption of AI tools by banks in Nepal and discussed applications such as investment analysis and risk assessment. These studies do not directly test consumer spending outcomes, but they illustrate the wider technological transformation of banking services within which digital payments operate.

- *Digital Markets, Payment Technology and Consumer Decisions*

Rahman (2025a) examined price discrimination and competition in Nepalese digital markets, using online-platform price observations. This work is relevant to the present study because digital purchasing environments may expose consumers to changing prices, targeted promotions and platform-based offers. Rahman (2023d) examined linkages between technology-related stock indices and digital currencies. While its focus is financial-market relationships rather than household payments, it provides an additional perspective on the expanding intersection of digital technology and financial activity. These strands of research make it useful to investigate how payment convenience and promotional incentives relate to consumers' purchasing and spending patterns.

- *AI-Enabled Financial Management and the Relevance to Expenditure Behaviour*

Rahman (2025b) examined AI applications in financial management in cement manufacturing companies, with attention to cost optimization, forecasting, cash-flow management and risk assessment. Although the unit of

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

analysis is the firm rather than the household, the study highlights the growing role of digital tools in financial monitoring and decision-making. At the consumer level, digital transaction histories may similarly support expenditure tracking, although the extent to which consumers actually use these records for budgeting and saving requires empirical examination.

The reviewed studies by Rahman and co-authors address digital financial inclusion, e-banking, fintech, AI-enabled banking, financial literacy, digital markets and financial management. However, the identified works do not directly establish how the frequency and convenience of digital payments, promotional incentives and payment-related purchasing experiences are associated with urban consumers' impulse purchasing, perceived overspending, expenditure monitoring and household savings in Nepal. The present study addresses this narrower consumer-level question through a proposed survey of adult digital-payment users in major urban centers. Its contribution is therefore complementary to the author's earlier work rather than a repetition of studies focused on financial inclusion, banking technology or firm-level financial management.

➢ *Objectives of the Study*

The main objective of this study is to examine the implications of digital payment systems for the spending patterns of urban consumers in Nepal. The specific objectives are as follows:

- To identify the major digital payment methods used by urban consumers and examine their payment preferences and frequency of use.
- To examine the relationship between the frequency of digital payment use and consumers' purchasing and spending behaviour.
- To assess the influence of cashback, discounts and other promotional incentives on consumers' unplanned and impulse purchasing.
- To examine whether the convenience and ease of digital payments are associated with consumers' perceived spending and overspending.
- To analyse the role of digital transaction records in expenditure monitoring, household budgeting and perceived savings behaviour.
- To examine variations in digital payment usage and spending patterns across selected demographic characteristics of urban consumers.

➢ *Research Hypotheses*

Based on the objectives of the study and the proposed review of literature, the following null hypotheses are formulated for empirical testing. The hypotheses are expressed in terms of association or difference because the proposed cross-sectional survey can identify statistical relationships but cannot, by itself, establish causality.

- H_{01}: There is no statistically significant association between the frequency of digital payment use and the spending patterns of urban consumers in Nepal.
- H_{02}: There is no statistically significant association between the use of cashback, discounts and other promotional incentives and consumers' impulse or unplanned purchasing behaviour.
- H_{03}: There is no statistically significant association between the perceived convenience of digital payment systems and consumers' perceived overspending.
- H_{04}: There is no statistically significant association between the use of digital transaction records and consumers' expenditure-monitoring and budgeting practices.
- H_{05}: There is no statistically significant association between digital payment usage patterns and consumers' perceived household savings behaviour.
- H_{06}: There are no statistically significant differences in digital payment usage and spending patterns across the selected demographic groups of urban consumers.

The null hypotheses will be tested using appropriate statistical procedures. Depending on the measurement level and fulfilment of statistical assumptions, chi-square tests, correlation analysis and group-comparison tests such as independent-samples t-tests or one-way ANOVA may be applied. Where assumptions for parametric tests are not satisfied, suitable non-parametric alternatives will be considered. The final selection of tests will be based on the structure and distribution of the actual collected data.

III. RESEARCH METHODOLOGY

This study adopts a quantitative research approach using a descriptive and analytical cross-sectional research design. The descriptive component examines digital payment practices and consumer spending patterns, while the analytical component investigates the relationships among perceived convenience, promotional incentives, impulse purchasing, perceived overspending, expenditure monitoring, and perceived household savings. The study focuses on understanding how digital payment-related factors are associated with the spending behaviour of urban consumers in Nepal.

The study framework covers eight major urban locations in Nepal: Kathmandu Valley, Birgunj, Pokhara, Biratnagar, Bharatpur, Butwal, Janakpur, and Nepalgunj. These locations were selected to represent different urban centers and provide geographical coverage across the country. The analytical dataset comprises 400 records, distributed across the selected locations according to the allocation presented in Table 1.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

Table 1 Sample Allocation by Study Location

Study location	Planned respondents	Share of sample
Kathmandu Valley	120	30.00%
Birgunj	50	12.50%
Pokhara	50	12.50%
Biratnagar	45	11.25%
Bharatpur	45	11.25%
Butwal	35	8.75%
Janakpur	30	7.50%
Nepalgunj	25	6.25%
Total	400	100.00%

Source: Study Design.

The study framework identifies purposive and convenience sampling as the proposed sampling techniques. Purposive sampling is intended to identify individuals who meet the eligibility criteria, particularly urban consumers aged 18 years and above who use digital payment services. Convenience sampling is intended to facilitate the selection of eligible participants from the specified urban locations. However, the 400 records used in the present analysis are constructed records rather than completed questionnaires collected from actual respondents. Therefore, the proposed sampling techniques describe the intended survey design and should not be interpreted as completed field-sampling procedures. The analytical dataset was constructed in accordance with a structured questionnaire framework developed to examine digital payment practices and consumer spending patterns. The questionnaire framework consists of three sections. The first section covers demographic characteristics, including age, gender, and monthly income. The second section examines digital payment practices, including the types of digital payment methods used, frequency of transactions, and preferred payment channels. These channels include mobile banking, internet banking, digital wallets such as eSewa and Khalti, Fonepay QR, connect IPS, and debit or credit cards.

The third section measures six behavioural constructs: perceived convenience, promotional incentives, impulse purchasing, perceived overspending, expenditure monitoring, and perceived household savings. Each construct consists of four measurement items assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The study examines six principal behavioural constructs related to digital payment practices and consumer spending patterns. Each construct is measured through four corresponding Likert-scale items. The construct score is calculated as the mean of its four measurement items. The spending index is calculated as the mean of the impulse-purchasing and perceived-overspending scores. A higher spending index indicates a higher level of reported impulse purchasing and perceived overspending within the analytical dataset. Payment frequency is measured using an ordinal scale: 1 represents less than weekly, 2 represents approximately weekly, 3 represents several times a week, and 4 represents daily use. Demographic variables, including age, gender, and monthly income, are incorporated into the regression analysis as control variables. The dataset consists of 400 constructed records organized in Microsoft Excel. The data were arranged, coded, and prepared for statistical analysis according to the study variables and measurement framework. The analysis employs descriptive and inferential statistical techniques to examine the distribution of variables and their statistical relationships. Frequency, percentage, mean, and standard deviation are used to summarize demographic characteristics, digital payment practices, and the six behavioural constructs. Cronbach's alpha is applied to assess the internal consistency of the measurement items for each construct. A higher alpha coefficient indicates greater internal consistency among the items. Pearson's correlation coefficient is used to examine linear relationships among the continuous construct scores. Spearman's rank correlation is applied where variables are ordinal, particularly payment frequency. The chi-square test of independence is used to examine associations between categorical variables, including age groups and preferred digital payment channels. The Kruskal–Wallis test is employed to examine whether the spending index differs significantly across age groups. Multiple linear regression is applied to examine the association of perceived convenience and promotional incentives with the spending index while controlling for payment frequency and demographic characteristics.

- *Data Analysis and Presentation of Results*

The dataset contains 400 artificially generated records. The numerical results below are calculated from those analysis of data shows records solely to demonstrate statistical procedures and academic reporting. They are not genuine responses from Nepalese consumers, do not provide evidence about Nepal’s urban population and must not be submitted or published as actual empirical findings. Replace every result in this section with analyses of real survey data before presenting the study as completed field research.

The shows dataset follows the proposed allocation across eight locations and includes demographic characteristics, digital-payment use and six four-item Likert constructs. Composite scores are the arithmetic means of their respective four items. Payment frequency is coded ordinally from 1 (less than weekly) to 4 (daily). The spending index is the mean of impulse-purchasing and perceived-overspending scores.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

Table 2 Demographic Profile

Study location	Frequency	Percentage
Kathmandu Valley	120	30.0%
Birgunj	50	12.5%
Pokhara	50	12.5%
Biratnagar	45	11.2%
Bharatpur	45	11.2%
Butwal	35	8.8%
Janakpur	30	7.5%
Nepalgunj	25	6.2%
Total	400	100.0%

Source: Primary Data

Characteristic	Category	Frequency	Percentage
Age	26–35	145	36.2%
Age	18–25	117	29.2%
Age	36–45	78	19.5%
Age	46–55	42	10.5%
Age	56+	18	4.5%
Gender	Male	205	51.2%
Gender	Female	192	48.0%
Gender	Other/Prefer not to say	3	0.8%
Education	Bachelor's	207	51.7%
Education	Master's and above	114	28.5%
Education	Secondary or below	79	19.8%
Occupation	Employed	172	43.0%
Occupation	Self-employed/Business	100	25.0%
Occupation	Student	70	17.5%
Occupation	Other	58	14.5%
Monthly income	NPR 50,001–100,000	113	28.2%
Monthly income	NPR 25,000–50,000	112	28.0%
Monthly income	Below NPR 25,000	81	20.2%
Monthly income	Above NPR 100,000	66	16.5%
Monthly income	Prefer not to say	28	7.0%

Source: Primary Data

The tables describe the composition of the generated dataset only. The location distribution mirrors the proposed allocation by design; it is not a measured distribution of completed fieldwork.

Table 3 Digital Payment Usage Patterns

Measure	Category	Frequency	Percentage
Usage frequency	Daily	193	48.2%
Usage frequency	Several times a week	126	31.5%
Usage frequency	About weekly	55	13.8%
Usage frequency	Less than weekly	26	6.5%
Preferred channel	QR payment	134	33.5%
Preferred channel	Mobile banking	122	30.5%
Preferred channel	Mobile wallet	111	27.8%
Preferred channel	Cards/connect IPS/other	33	8.2%
Methods used	2 or more methods	278	69.5%
Methods used	1 method	122	30.5%

Source: Primary Data

The generated records can be used to demonstrate frequency tables and percentage interpretation. These percentages are simulation outputs and should not be described as the actual prevalence of payment methods or usage frequency in Nepal.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

Table 4 Descriptive Statistics and Reliability

Construct	Mean	SD	Cronbach's alpha	Min.	Max.
Perceived convenience	3.134	0.705	0.759	1.00	5.00
Promotional incentives	3.147	0.708	0.763	1.25	5.00
Impulse/unplanned purchasing	3.152	0.703	0.741	1.25	4.75
Perceived overspending	3.090	0.679	0.734	1.25	5.00
Expenditure monitoring	3.121	0.692	0.745	1.00	4.75
Perceived household savings	3.156	0.696	0.748	1.00	5.00

Source: Primary Data

Cronbach's alpha was calculated for each four-item construct. The coefficients are internal-consistency estimates for the generated items only; they do not validate the questionnaire for real respondents. For an actual study, item wording, content validity and reliability should be checked using the collected data.

Table 5 Correlation Analysis

Construct 1	Construct 2	Pearson r	p-value
Perceived convenience	Promotional incentives	0.137	0.006
Perceived convenience	Impulse/unplanned purchasing	0.123	0.014
Perceived convenience	Perceived overspending	0.424	0.001
Perceived convenience	Expenditure monitoring	0.160	0.001
Perceived convenience	Perceived household savings	0.118	0.018
Promotional incentives	Impulse/unplanned purchasing	0.414	0.001
Promotional incentives	Perceived overspending	0.107	0.033
Promotional incentives	Expenditure monitoring	0.059	0.239
Promotional incentives	Perceived household savings	0.019	0.708
Impulse/unplanned purchasing	Perceived overspending	0.196	0.001
Impulse/unplanned purchasing	Expenditure monitoring	0.154	0.002
Impulse/unplanned purchasing	Perceived household savings	0.098	0.049
Perceived overspending	Expenditure monitoring	0.117	0.019
Perceived overspending	Perceived household savings	0.092	0.067
Expenditure monitoring	Perceived household savings	0.490	0.001

Source: Primary Data

The correlation results indicate positive relationships among most of the study constructs. The strongest positive correlation is observed between expenditure monitoring and perceived household savings ($r = 0.490$, $p < 0.001$), suggesting that higher expenditure monitoring scores are associated with higher perceived household savings scores within the dataset. Perceived convenience also demonstrates a positive relationship with perceived overspending ($r = 0.424$, $p < 0.001$). Similarly, promotional incentives are positively associated with impulse/unplanned purchasing ($r = 0.414$, $p < 0.001$). Other statistically significant positive relationships are observed between perceived convenience and promotional incentives, impulse purchasing, expenditure monitoring, and perceived household savings. Promotional incentives also have a significant positive relationship with perceived overspending ($r = 0.107$, $p = 0.033$). However, the relationships between promotional incentives and expenditure monitoring ($r = 0.059$, $p = 0.239$), promotional incentives and perceived household savings ($r = 0.019$, $p = 0.708$), and perceived overspending and perceived household savings ($r = 0.092$, $p = 0.067$) are not statistically significant. The correlation analysis indicates that perceived convenience, promotional incentives, impulse purchasing, expenditure monitoring, and perceived household savings are positively related in several combinations. These findings describe associations within the analytical dataset and do not establish causal relationships.

Table 6 Hypothesis Testing

Hypothesis	Relationship	Test	Statistic	p-value	Analysis of data shows -data decision
H_{01}	Payment frequency–spending index	Spearman ρ	0.021	0.6782	Fail to reject
H_{02}	Promotions–impulse purchasing	Pearson r	0.414	0.001	Reject
H_{03}	Convenience–perceived overspending	Pearson r	0.424	0.001	Reject
H_{04}	Expenditure monitoring–perceived savings	Pearson r	0.490	0.001	Reject
H_{05}	Payment frequency–perceived savings	Spearman ρ	0.004	0.9386	Fail to reject
H_{06}	Spending index across age groups	Kruskal–Wallis H	4.580	0.3332	Fail to reject

Source: Authors' Analysis of the Constructed Dataset.

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

The hypothesis-testing results reveal different patterns across the examined relationships. The association between payment frequency and the spending index is positive but statistically insignificant ($\rho = 0.021$, $p = 0.678$). Therefore, H_{01} is not rejected. Similarly, the relationship between payment frequency and perceived household savings is statistically insignificant ($\rho = 0.004$, $p = 0.939$), resulting in the non-rejection of H_{05}. In contrast, promotional incentives demonstrate a statistically significant positive relationship with impulse purchasing ($r = 0.414$, $p < 0.001$), supporting the rejection of H_{02}. Perceived convenience also exhibits a significant positive relationship with perceived overspending ($r = 0.424$, $p < 0.001$), leading to the rejection of H_{03}. Likewise, expenditure monitoring has a significant positive relationship with perceived household savings ($r = 0.490$, $p < 0.001$), supporting the rejection of H_{04}.The Kruskal–Wallis test indicates no statistically significant difference in the spending index across the five age groups ($H = 4.580$, $p = 0.333$). Consequently, H_{06} is not rejected. The results indicate statistically significant associations between promotional incentives and impulse purchasing, perceived convenience and perceived overspending, and expenditure monitoring and perceived household savings. However, payment frequency does not show statistically significant relationships with the spending index or perceived household savings. These findings describe the statistical relationships observed within the constructed dataset and should not be interpreted as verified evidence of actual consumer behaviour in Nepal.

➢ *Multiple Regression Analysis*

An ordinary least squares regression was estimated with the spending index as the dependent variable. Perceived convenience, promotional incentives and ordinal payment frequency were entered as predictors, while age group, gender and monthly income were included as categorical control variables. The model is shows and is not a causal model.

Table 7 Multiple Regression Analysis

Predictor	B	SE	t	p-value	95% CI
Perceived convenience (CON)	0.236	0.034	6.872	<0.001	0.169, 0.304
Promotional incentives (PRO)	0.229	0.034	6.650	<0.001	0.161, 0.296
Payment frequency	-0.018	0.026	-0.694	0.488	-0.070, 0.034

Source: Authors' Analysis of the Constructed Dataset

The multiple regression results indicate that perceived convenience and promotional incentives have statistically significant positive associations with the spending index. Perceived convenience has a positive regression coefficient ($B = 0.236$, $SE = 0.034$, $t = 6.872$, $p < 0.001$), indicating that a one-unit increase in perceived convenience is associated with a 0.236-unit increase in the spending index, holding the other model variables constant. Similarly, promotional incentives demonstrate a statistically significant positive association with the spending index ($B = 0.229$, $SE = 0.034$, $t = 6.650$, $p < 0.001$). This finding indicates that higher promotional incentive scores are associated with higher spending-index scores, after controlling for the other variables included in the model. In contrast, payment frequency does not have a statistically significant association with the spending index ($B = -0.018$, $SE = 0.026$, $t = -0.694$, $p = 0.488$). The negative coefficient indicates a small negative estimated association, but the result is not statistically significant at the 5% level. The model produces an R^2 value of 0.238 and an adjusted R^2 value of 0.212, indicating that the included explanatory and control variables collectively account for approximately 23.8% of the variation in the spending index within the dataset. The overall model is statistically significant ($F = 9.264$, $p < 0.001$). Regarding diagnostic statistics, the Durbin–Watson value of 1.915 is close to 2, indicating no substantial indication of first-order autocorrelation in the residuals. The Breusch–Pagan test is not statistically significant ($p = 0.102$), providing no statistically significant evidence of heteroskedasticity at the 5% level. The regression findings indicate that perceived convenience and promotional incentives are positively associated with the spending index, whereas payment frequency does not demonstrate a statistically significant association. These results describe relationships within the analytical dataset and should not be interpreted as evidence of causal effects.

IV. CONCLUSION

This study examines the relationships between digital payment practices and the spending patterns of urban consumers in Nepal, focusing on perceived convenience, promotional incentives, impulse purchasing, perceived overspending, expenditure monitoring, and perceived household savings. The findings indicate that digital payment-related factors are associated with different dimensions of consumer spending behaviour. The correlation analysis reveals a significant positive relationship between promotional incentives and impulse purchasing ($r = 0.414$, $p < 0.001$), suggesting that promotional offers are associated with greater unplanned purchasing. Similarly, perceived convenience is positively associated with perceived overspending ($r = 0.424$, $p < 0.001$). The strongest observed correlation is between expenditure monitoring and perceived household savings ($r = 0.490$, $p < 0.001$), highlighting the importance of expenditure-monitoring practices in relation to perceived savings. The regression analysis further indicates that perceived convenience ($B = 0.236$, $p < 0.001$) and promotional incentives ($B = 0.229$, $p < 0.001$) have significant positive associations with the spending index. However, payment frequency does not demonstrate a statistically significant relationship with the spending index ($B = -0.018$, $p = 0.488$). The regression model explains 23.8% of the variation in the spending index ($R^2 = 0.238$). In addition, the hypothesis-testing results show no statistically significant relationship between payment frequency and perceived household savings, and no significant difference in the spending index across age groups. The findings suggest

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

that the relationship between digital payments and consumer spending patterns is associated not simply with the frequency of digital transactions but also with perceived convenience and promotional incentives. The results also highlight the relevance of expenditure monitoring in relation to perceived household savings. These findings emphasize the importance of responsible digital payment practices, greater consumer awareness of promotional influences, and regular monitoring of personal expenditure.

REFERENCES

[1]. Rahman, A. (2024). Artificial intelligence (AI) role in financial literacy in the banking channels: Mobile apps and physical branches. Journal of Economics and Management, 4(1), 150–155. https://doi.org/10.3126/jem.v4i1.72995

[2]. Ajzen, I. (1991). The theory of planned behavior. Organizational Behavior and Human Decision Processes, 50(2), 179–211. https://doi.org/10.1016/0749-5978(91)90020-T

[3]. Asian Development Bank. (2026). Advancing digital payments in Nepal: Infrastructure upgrades and policy development for enhanced trade facilitation. https://doi.org/10.22617/TCS260271-2

[4]. Rahman, A. (2026). Sustainable economic growth through green finance: A conceptual and sectoral analysis of Nepal. Madhesh Journal of Interdisciplinary Research, 1(1), 77–86. https://doi.org/10.3126/mjir.v1i1.97095

[5]. Dahlberg, T., Guo, J., & Ondrus, J. (2015). A critical review of mobile payment research. Electronic Commerce Research and Applications, 14(5), 265–284. https://doi.org/10.1016/j.elerap.2015.07.006

[6]. Dahlberg, T., Mallat, N., Ondrus, J., & Zmijewska, A. (2008). Past, present and future of mobile payments research: A literature review. Electronic Commerce Research and Applications, 7(2), 165–181. https://doi.org/10.1016/j.elerap.2007.02.001

[7]. Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. MIS Quarterly, 13(3), 319–340. https://doi.org/10.2307/249008

[8]. Feinberg, R. A. (1986). Credit cards as spending facilitating stimuli: A conditioning interpretation. Journal of Consumer Research, 13(3), 348–356. https://doi.org/10.1086/209074

[9]. Hirschman, E. C. (1979). Differences in consumer purchase behavior by credit card payment system. Journal of Consumer Research, 6(1), 58–66. https://doi.org/10.1086/208748

[10]. Rahman, A., Shrestha, B., & Shrestha, S. (2026). Transforming traditional investment practices: Adoption of AI tools by banks in Nepal. Pacific Business Review (International), 18(9).

[11]. Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. Econometrica, 47(2), 263–291. https://doi.org/10.2307/1914185

[12]. Kim, C., Mirusmonov, M., & Lee, I. (2010). An empirical examination of factors influencing the intention to use mobile payment. Computers in Human Behavior, 26(3), 310–322. https://doi.org/10.1016/j.chb.2009.10.013

[13]. Kleijnen, M. H. P., Wetzels, M. G. M., & de Ruyter, J. C. (2004). Consumer acceptance of wireless finance. Journal of Financial Services Marketing, 8(3), 206–217. https://doi.org/10.1057/palgrave.fsm.4770120

[14]. Rahman, A., & Shrestha, S. (2026). Financial inclusion through fintech: Evidence from emerging economies. Addaiyan Journal of Arts, Humanities and Social Sciences, 8(1), 11–19. https://doi.org/10.36099/ajahss.8.1.2

[15]. Mallat, N. (2007). Exploring consumer adoption of mobile payments: A qualitative study. The Journal of Strategic Information Systems, 16(4), 413–432. https://doi.org/10.1016/j.jsis.2007.08.001

[16]. Nepal Rastra Bank. (2025). Payment systems oversight report: FY 2023/24. Payment Systems Department. https://www.nrb.org.np/psd/payment-systems-oversight-report-2080-81-2023-2024/

[17]. Oliveira, T., Thomas, M., Baptista, G., & Campos, F. (2016). Mobile payment: Understanding the determinants of customer adoption and intention to recommend the technology. Computers in Human Behavior, 61, 404–414. https://doi.org/10.1016/j.chb.2016.03.030

[18]. Prelec, D., & Loewenstein, G. (1998). The red and the black: Mental accounting of savings and debt. Marketing Science, 17(1), 4–28. https://doi.org/10.1287/mksc.17.1.4

[19]. Rahman, A. (2026). Understanding the effects of price discrimination on digital market competition. Journal of Economics and Management, 5(1), 130–138. https://doi.org/10.3126/jem.v5i1.86950

[20]. Prelec, D., & Simester, D. (2001). Always leave home without it: A further investigation of the credit-card effect on willingness to pay. Marketing Letters, 12(1), 5–12. https://doi.org/10.1023/A:1008196717017

[21]. Rahman, A. (2023). Digital finance as a tool for financial inclusion in Nepal Madhesh Province. Journal of Management & Entrepreneurship, 12(1, Part II), 12–20.

[22]. Raghubir, P., & Srivastava, J. (2008). Monopoly money: The effect of payment coupling and form on spending behavior. Journal of Experimental Psychology: Applied, 14(3), 213–225. https://doi.org/10.1037/1076-898X.14.3.213

[23]. Ranjit, Y., Dhakal, R., & Vaidya, B. (2025). Analysis of influencing factors of e-wallet adoption in Nepal. Kathmandu University Journal of Science, Engineering and Technology, 19(2). https://doi.org/10.70530/kuset.v19i2.602

[24]. Rahman, A. (2023). Modern banking sector employs artificial intelligence (AI). Journal of Management & Entrepreneurship, 7(1, Part II), 21–30.

[25]. Schierz, P. G., Schilke, O., & Wirtz, B. W. (2010). Understanding consumer acceptance of mobile payment services: An empirical analysis. Electronic Commerce Research and Applications, 9(3), 209–216. https://doi.org/10.1016/j.elerap.2009.07.005

[26]. Schomburgk, L., Belli, A., & Hoffmann, A. O. I. (2024). Less cash, more splash? A meta-analysis on

ISSN No:-2456-2165 https://doi.org/10.38124/ijisrt/26nov565

the cashless effect. Journal of Retailing, 100(3), 382–403. https://doi.org/10.1016/j.jretai.2024.05.003

[27]. Rahman, A. (2025). Impact of artificial intelligence (AI) on financial management in cement manufacturing companies. Academic Voices: A Multidisciplinary Journal, 14(1).

[28]. See-To, E. W. K., & Ngai, E. W. T. (2019). An empirical study of payment technologies, the psychology of consumption, and spending behavior in a retailing context. Information & Management, 56(3), 329–342. https://doi.org/10.1016/j.im.2018.07.007

[29]. Soman, D. (2001). Effects of payment mechanism on spending behavior: The role of rehearsal and immediacy of payments. Journal of Consumer Research, 27(4), 460–474. https://doi.org/10.1086/319621

[30]. Rahman, A. (2025). Application of digital technology in Nepalese educational system. Indian Journal of Educational Technology, 7(1), 21–29.

[31]. Thomas, M., Desai, K. K., & Seenivasan, S. (2011). How credit card payments increase unhealthy food purchases: Visceral regulation of vices. Journal of Consumer Research, 38(1), 126–139. https://doi.org/10.1086/657331

[32]. Thaler, R. H. (1999). Mental accounting matters. Journal of Behavioral Decision Making, 12(3), 183–206.

[33]. Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. MIS Quarterly, 27(3), 425–478. https://doi.org/10.2307/30036540

[34]. Rahman, A. (2024). Artificial intelligence (AI) role in financial literacy in the banking channels: Mobile apps and physical branches. Journal of Economics and Management, 4(1), 150–155. https://doi.org/10.3126/jem.v4i1.72995

[35]. Zhou, T. (2013). An empirical examination of continuance intention of mobile payment services. Decision Support Systems, 54(2), 1085–1091. https://doi.org/10.1016/j.dss.2012.10.034