Pocket Money to Phone Money: The Digital Payment Evolution of Gen-Z

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ABSTRACT

*The expanding growth of financial technology has had a tremendous impact on the management and utilization of money by the younger generation, witnessed by the rising preference for new forms of receiving money, as opposed to the traditional medium of cash. The study done in the article "Pocket Money to Phone Money: The Digital Payment Evolution of Gen-Z" seeks to explore the adoption, preference, and perception of Gen-Z college students about the use of digital money transfer. The study employed primary data from 100 students, analyzed through the percentage method and graphical presentation tools, grouped data collected from the Google Form, filtered from the convenience sampling approach used by the researcher. The hypothesis was also created to establish the relationship between different parameters and which resulted in the rejection of null hypothesis(H**o**). The outcomes of the analysis revealed the interest shown by Gen-Z in the use of digital money transfer, as opposed to the traditional form of hard cash, citing the ease of use, time, and convenience, though still scoring poorly on security. The results of the study imply the expansion of the use of cashless money transfers in modern economic activities.*

Keywords: Generation Z, Digital Payments, Cashless Economy, Financial Behavior, Fintech Adoption

INTRODUCTION

India's payment system has changed a lot in the last few years, and the Unified Payments Interface (UPI) is one of the most important new ideas. Cash has long been the most common way to pay for essentials. However, as digital infrastructure grows quickly, more people get smartphones, and the government pushes for a cashless economy, more and more students are using UPI for their financial transactions. The COVID-19 pandemic also sped up this digital shift, since people were

worried about contactless payments, which made UPI even more appealing. QR codes and mobile apps are now a big part of our life, whether for buying food in the cafeteria, paying for things in groups, or shopping online. Even though it has its benefits, problems like transaction failures, security issues, and digital illiteracy among some groups still affect how many people use it.

Over the past ten years, India's payment system has changed a lot. It used to be mostly cash-based, but now it is becoming more and more digital. The Unified Payments Interface (UPI) is one of the many digital payment solutions that have come out. It has changed the way people do businesses as compared to traditional methods. The number of transactions it handles keeps going up every year, showing that it is becoming a mainstream way to pay.As a unique demographic, college students play a pivotal role in this changing environment. For everyday expenses like canteen purchases, transport fares and small-scale retail shopping, students have historically placed a significant emphasis on cash-based transactions. But this trend has changed dramatically since the introduction of UPI and rising smartphone usage. As a result, student adoption of UPI not only reflects evolution in payment habits but also offers insights into more cultural and economic changes among the younger generation.

College students are important in making the world move towards. using cashless payments.
Their preference for quick and simple ways to pay mixes technology with their payment habits.
In the current digital age, financial transactions have evolved rapidly from traditional forms of dealing with money to technology-driven forms of payment. This evolution has greatly altered the traditional forms of receiving, holding, and spending money. Although digital technology has eased financial transactions by making them quick and convenient, it has raised major concerns about security, privacy, and spending habits as well.Even though students are used to digital payments, many don't have a good understanding of personal finance.Studies show that many struggle with basic financial ideas, like interest rates, the difference between credit and debit cards, and the need for budgeting and saving.

Security awareness is also important. Although students know how to use financial apps, they may not be fully aware of online dangers like phishing, identity theft, and data breaches. To fix these issues, we need better financial education.Schools should add practical personal finance courses.

Topics can include making and sticking to a budget, understanding credit scores, and managing student loans. This education should be based on real-life situations, not just theory. Financial tech companies can also help by creating apps that have tools to help track spending, set savings goals, and give personalized advice.

The findings will help us better understand how financial knowledge affects how young people use digital financial tools, helping many different groups. For colleges, it will show the need to teach financial literacy in courses, preparing students for real money responsibilities. For banks and finance tech companies, the results might help in making more user-friendly and secure cashless platforms. Lastly, for government leaders, this research can help in creating policies that support financial inclusion and responsible use of digital money tools.

OBJECTIVES

1. To identify the main reasons behind students' preference for UPI.
2. To evaluate how much students are aware of financial matters and their inclusion in the financial system.
3. To find out the problems students face when using digital payments.

REVIEW OF LITERATURE

(Patel et al.) surveyed 500 students and found UPI to be the most popular campus payment mode, especially due to cashback offers and transaction ease. However, poor connectivity and failures reduced trust. (Verma et al.) compared UPI and mobile wallets among students and concluded that UPI was superior in speed and interoperability. Their findings highlight UPI's technical advantages over older wallet-based payment systems. (Sharma et al.) highlighted that UPI empowered small vendors to accept payments easily, which normalized its use among students. The research underscores how student behavior reflects vendor-side digitization. Among youth, though some students still favored cash due to connectivity issues. (Mehta et al.) investigated customer experience with UPI and found students particularly satisfied with instant transfers and split-bill options. Still, a lack of reliable grievance mechanisms limited trust. Their study shows how student digital behavior is shaped by both convenience and caution. However, poor connectivity and failures reduced trust. (MoSPI et al.) released survey data showing that 99.5% of

youth use UPI. The findings confirm that college students form part of India's most digitally integrated demographic. This illustrates how digital familiarity does not always translate into consistent UPI usage. The research underlines how infrastructure challenges impact student adoption patterns. (Mangal et al.) argued that younger cohorts, particularly students, are vital to UPI's long-term success. Peer networks, user-friendly apps, and incentives drive their engagement. By analyzing the opinions and experiences of students, the study provides a clear picture of how digital payment behavior is evolving in the younger generation. (George et al., 2024) Young consumers are leading the way in this shift towards cashless payments. As we explore mobile wallets, it is clear that they are not just tools for transactions. They offer a new level of convenience, security, and smooth financial experiences. (Sane & MIT World Peace University, 2019) The current Modi Government is focusing on developing skills among today's youth to prepare them for the tough challenges in today's competitive world. As teachers, we work with many students. The researcher wanted to find out if today's youth, who represent tomorrow's workforce, are financially literate. (Karkera et al., 2024) The National Payments Corporation of India (NPCI) has launched the Unified Payments Interface (UPI), a digital payment system that uses mobile phones as the main device and offers advanced digital payment features. The Unified Payments Interface (UPI) is a new technology that connects different banking services, makes money transfers simple, and helps merchants accept payments through a single mobile app. (Andhini & Ayu, 2025) Digital wallets, or e-wallets, are becoming very popular among young users, especially students. They appreciate the convenience and the different perks they provide, like cashback and discounts. Research shows that the intention to use e-wallets affects their adoption positively, particularly among younger people who are used to digital technologies. (Nuratika et al., 2022) The changes in society also support the growth of technology that gives people unlimited access to information about products or services. This makes it easier for them to be influenced to make purchases. Consumptive behavior can happen to anyone, even at various levels. This includes college students, who are considered teenagers.

(Świecka et al., 2021) It clearly affects the quality of life and is crucial for sustainable development, as stated in the 2030 Agenda by the United Nations in 2015. The 2030 Agenda outlines 17 Sustainable Development Goals, some of which relate to cashless payments. The Sustainable Development Goals (SDGs) consist of interconnected global goals aimed at creating a better and more sustainable future for everyone.

RESEARCH METHODOLOGY

The research methodology for the study entitled “POCKET MONEY TO PHONE MONEY: THE DIGITAL PAYMENT EVOLUTION OF GEN-Z” was crafted to systematically analyse and comprehend the transformation in financial behavior among youth towards digital transactions. The study utilized a random sampling method and results were shown in the form of pie charts and correlation as its main goal was to examine and report on the existing patterns, preferences, perceptions, and usage trends of digital payment systems among Gen-Z students. This design was considered appropriate as it allows the researcher to describe the characteristics of a population and interpret existing conditions related to digital payment adoption.

The study used both primary and secondary data which guaranteed that the information gathered was unique, relevant to the study's goals, and representative of respondents' attitudes and actions in real time. Direct participant collection of primary data ensured the findings' accuracy, relevance, and authenticity. Google Forms was used as the primary research tool to create and distribute a structured questionnaire for data collection.

The purpose of these questions was to investigate a number of topics, including the frequency of using digital payments, the platforms that people prefer to use for payments, the reasons behind adoption, perceived convenience, security concerns, and how technology affects financial practices. Random sampling was the sampling strategy employed in the study since participants were chosen based on their availability, willingness to participate, and ease of access. Given the time constraints and the target audience of Gen-Z students who use smartphones and digital apps frequently, this approach was appropriate. With a total sample size of 100 students, the target group was adequately represented to spot trends and derive insightful conclusions.

In order to maintain the study's focus on the target demographic, the sample comprised respondents from Generation Z who were of comparable ages. The results were also visually presented using pie charts, bar graphs and correlation which made it simpler to spot trends, preferences, and behavioral tendencies among the participants.

These analytical tools enabled efficient interpretation and contributed to the conversion of unstructured data into insightful understandings of Gen-Z's shift from conventional cash-based

money practices to contemporary digital payment methods. A thorough grasp of how technological developments and digital financial platforms are changing the financial habits of the younger generation is made possible by the methodology's overall structure, which ensures dependability, simplicity, and clarity while upholding academic rigor.

DATA ANALYSIS AND RESULTS/FINDINGS

The data was collected from 100 students at 'The Bhopal School of Social Sciences, Bhopal' using Google Forms. The collected information was analyzed with a random sampling method. The responses were shown through pie charts to clearly present the proportion of each response.
The analysis aimed to highlight overall behavioral trends without relying on numerical or statistical tables. Google Forms automatically generated these charts, displaying the distribution of answers as percentages. The data collected from 100 students of The Bhopal School of Social Sciences, Bhopal.

The analysis clearly indicated that a majority of students prefer using UPI over cash for their everyday transactions. Most respondents reported using UPI for payments related to food, travel, shopping, and online purchases. This shows a significant shift from carrying physical money to relying on digital payment methods. The convenience and speed of UPI transactions were identified as the main reasons for this preference. Students valued the ability to send and receive money instantly without the need to visit ATMs or handle cash.

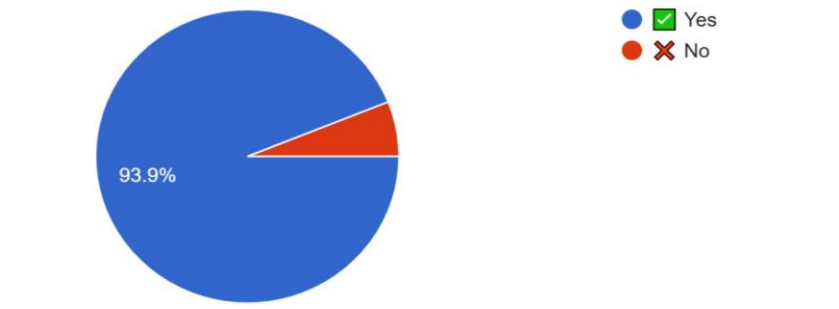
It was clear from the study that the BSSS students are increasingly choosing cashless payment methods, especially UPI, for their daily transactions. This shows a clear shift from using cash to making digital payments. The study revealed that most students have bank accounts and basic financial knowledge, which supports their ability to use digital payment systems confidently. Students with higher financial awareness were more likely to use multiple cashless options, including UPI apps, mobile wallets, and debit or credit cards. This shows a direct link between financial literacy and the use of cashless payment methods.

However, despite the growing popularity of UPI, the study also identified a few challenges and limitations faced by students. The most common issues included transaction failures, poor internet

connectivity, and occasional delays in payment confirmation. Some students raised concerns about fraud risks and security issues, especially with fake links or unauthorized access to their accounts. These findings underline the need for better user awareness and stronger security measures on digital platforms.

Overall, the study shows that college students are quickly embracing cashless payment systems and are becoming more confident in using mobile devices for financial transactions. The popularity of UPI and other digital methods highlights their practical use, relevance in everyday life, and ease of use. The shift from cash to digital payments reflects changing consumer behavior, growing trust in technology, and the impact of a digitally connected world. These results stress the need for improving financial awareness programs in colleges to further encourage safe, effective, and widespread use of cashless payment methods among students. At the same time, the analysis stresses the importance of improving technical reliability and digital literacy to enhance user experiences.

Number of Students having their own personal bank account -



The chart shows that 93.9% of respondents have a personal bank account, while only a small proportion, 6.1%, do not. This indicates that the vast majority of participants are financially included through personal banking.

RELATIONSHIP BETWEEN STUDENTS FINANCIAL AWARENESS LEVELS AND THEIR FREQUENCY OF USING CASHLESS PAYMENT METHODS

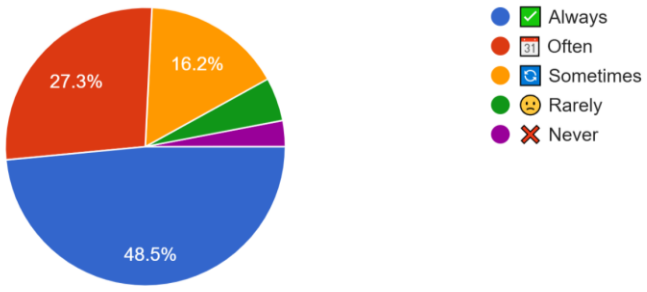
Particulars	**Details**
Coding (Financial Knowledge)	5 = Excellent, 4 = Good, 3 = Average, 2 = Poor, 1 = Very Poor
Coding (Cashless Usage)	5 = Daily, 4 = Few times a week, 3 = Weekly, 2 = Rarely, 1 = Never
Sample Size (n)	100

Variables	**Financial Knowledge**	**Cashless payment usage**
Financial Knowledge	**1.000**	**0.220**
Cashless Payment Usage	**0.220**	**1.000**

There exists a weak positive relationship between financial management knowledge and the frequency of using cashless payments (r = 0.220). This suggests that while better financial knowledge may slightly influence the adoption of cashless payments, other factors likely play a more significant role.

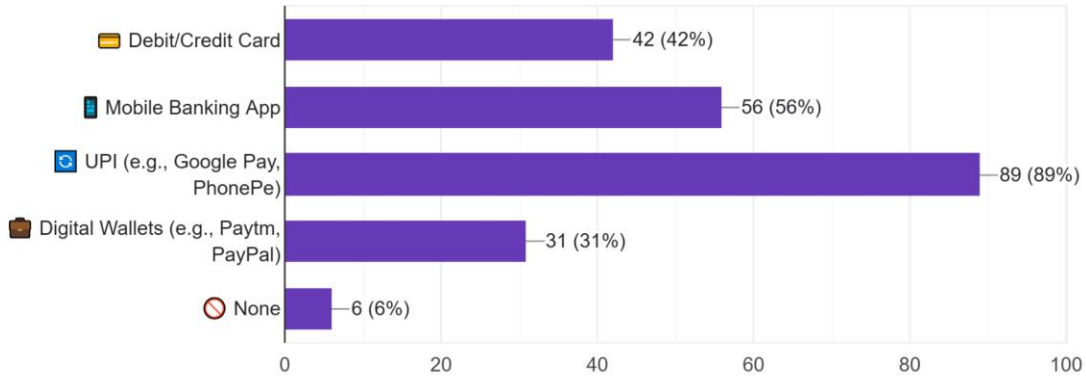
The **Null Hypothesis (H_0)** states that there is *no significant relationship* between financial knowledge and cashless payment usage (r = 0). Since r = 0.220 the **Null Hypothesis (H_0) is rejected.**

How frequently Students track their monthly expenses -



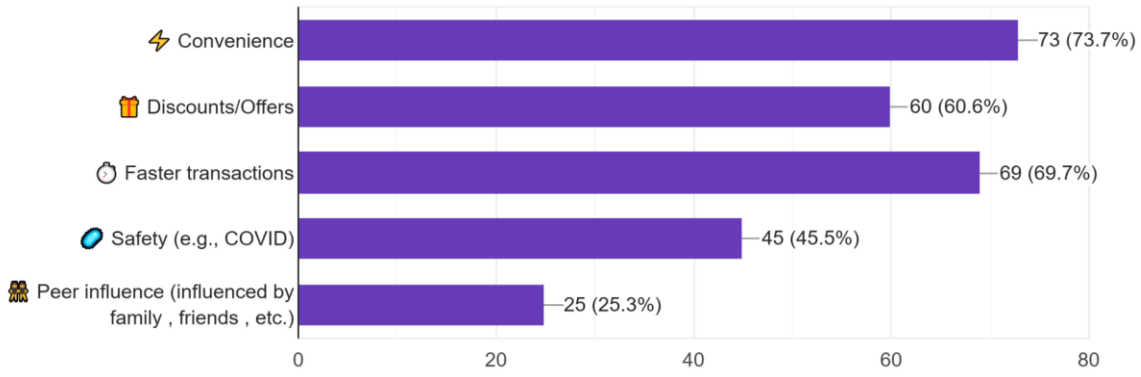
The practice of tracking monthly expenses is quite common. The largest group, nearly half of the responses at 48.5%, said they always track their spending. Another quarter of respondents, 27.3%, do so often. This data indicates that more than three out of four people in the survey regularly monitor their expenses. In contrast, fewer people track their expenses only sometimes at 16.2%, while 8% do so rarely or never.

Which cashless method is popular among students -



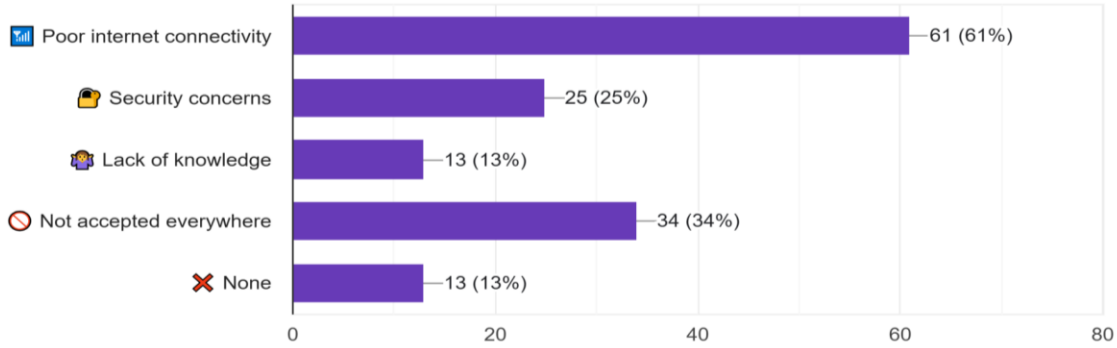
UPI has become the leading cashless payment method, with 89% of people using it. While other methods are also popular, they are used less frequently. Mobile Banking Apps are used by 56%, Debit/Credit Cards by 42%, and Digital Wallets by 31%. The fact that only 6% of respondents don’t use any of these methods shows that digital payment adoption is high.

What motivates the students most to shift from cash to cashless payments option -



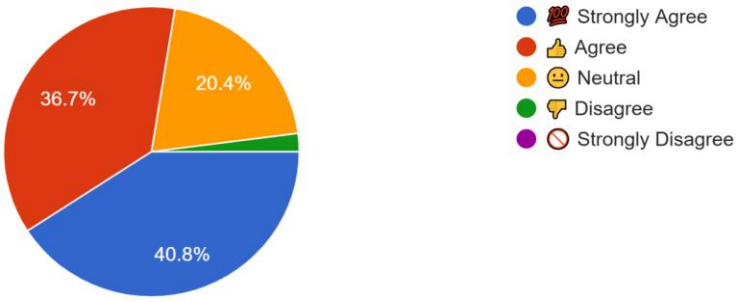
The main reason was convenience, chosen by 73.7% of the participants. This was closely followed by faster transactions, which 69.7% cited. Other important reasons included discounts and offers at 60.6% and safety at 45.5%. In contrast, peer influence was the least common reason, selected by only 25.3% of the respondents. This data shows that the choice to use cashless payments mainly comes from practical benefits instead of social influence.

Challenges faced by students while using digital payments -



The biggest challenge for users of cashless payments is poor internet connectivity, which 61% of respondents mentioned. Other significant challenges include the worry that cashless payments are not accepted everywhere, noted by 34% of respondents. Fewer people reported problems with security concerns (25%) or a lack of knowledge (13%). Interestingly, 13% of respondents said they have not faced any of these challenges.

Students were asked whether they believe that cashless payments are safer than carrying physical cash or not -



Most people think cashless payments are safer than physical cash. A total of 77.5% of respondents either Strongly Agree (40.8%) or Agree (36.7%) with this idea. This shows that there is a high level of trust in the security of digital transactions. A smaller group of respondents are Neutral (20.4%), and a very small number Disagree (2.1%). No one selected "Strongly Disagree." The results reveal a clear public belief that digital transactions are more secure.

CONCLUSION AND LIMITATIONS

The main limitation is that the research focused only on college students. Since the sample was entirely composed of students, the findings reflect the views, behaviors, and preferences of this specific educational group rather than the entire Gen-Z population. Generation Z includes individuals from various educational, professional, and economic backgrounds, such as working youth, school students, entrepreneurs, and those not pursuing formal education. As a result, the findings cannot be fully applied to all Gen-Z individuals.

Another limitation involves the sampling method used in the study. While this method is practical and commonly used in academic research, it can lead to sampling bias since the participants may share similar traits, environments, or levels of digital exposure and time constraints also pose a minor limitation for the research. Conducting the study within a limited academic timeframe restricted the ability to gather data from a larger or more varied sample.Furthermore, the study relied solely on one method of data collection, specifically a structured questionnaire. While

questionnaires are effective for gathering quantitative data from a large group, they do not always capture deep psychological insights or the reasoning behind respondents' choices.

The findings clearly show that digital payment systems have become a key part of students' daily lives, gradually replacing traditional cash transactions. The shift from physical pocket money to digital "Phone money" reflects not only technological progress but also a broader cultural change toward convenience, speed, and financial independence. Most respondents expressed a strong preference for digital payment platforms due to their ease of use, accessibility, cashback offers, and time-saving features.

In conclusion, the research paper, underlines the tremendous change in the financial behaviors of young individuals as they increasingly adapt to new modes of electronic transaction systems as opposed to traditional methods. Importantly, the results indicate the significance of adapting financial services to the needs of the generation of the future that values speed, convenience, and digital integration with financial services. Overall, the research demonstrates that the change from pocket money to phone money is a defining feature of Gen-Z's financial evolution, representing a generation that is digitally empowered, financially aware, and ready to embrace the future of cashless transactions.

This research can be extended by including larger and more diverse samples from different regions and age groups to improve generalizability. Future studies may use longitudinal approaches to examine how financial awareness influences cashless payment behavior over time. Researchers can also incorporate additional factors such as income, digital literacy, trust in technology, and cybersecurity awareness to build a more comprehensive analytical model. Comparative studies across urban–rural populations or countries could reveal contextual differences. Moreover, the findings can support the design of financial education programs, policy initiatives, and fintech solutions that promote responsible financial behavior and increase adoption of secure digital payment systems.

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