Exploring E-Wallet Usage and its Role in Enhancing Financial Awareness Among Gen Z

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Abstract--**E-wallets have emerged as Gen Z's favourite mode of payment as they make transactions fast, convenient and are favourable with the emergence of a digital lifestyle. Given that apps such as Gpay, PhonePe, Paytm are ubiquitously used for day to day payments, the study aims at exploring if e-wallets assist Gen Z in becoming more financially aware. This study endeavors to address the question of whether Gen Z prefers e-wallets compared to classical methods and, if so, how this preference impacts their personal finance management behavior. The research also examines how including elements such as cashback, spending summaries and history of transactions impacts on their ability to understand and make decisions about money. It additionally illustrates the pros and cons of Gen Z using e-wallets. Lastly, the research addresses the question of e-wallet usage in order to develop young users' digital and financial literacy. In general, the study delivers insights into how e-wallet adoption is influencing the money habits of Gen Z in a cashless society.**

Keywords-- **E-wallets, Gen Z, Spending Habits, Digital payments, Money management, Financial awareness, Cashless economy, Personal finance Management, Digital literacy.**

I. INTRODUCTION

The rapid rise of e-wallets like Google Pay and PhonePe has fundamentally changed how Gen Z, a digitally native generation, handles daily financial transactions. These convenient mobile payment options are now essential for everything from shopping to sending money to friends. This study aims to explore the frequency, motivation, and overall impact of e-wallet usage among Gen Z. Specifically, it investigates whether e-wallets, despite their convenience, improve users' financial awareness, encourage better money management habits, and contribute to digital literacy in a growing cashless society.

II. REVIEW OF LITERATURE

1. Financial Literacy and E-Wallet Adoption

Financially literate Gen Z Signs in teen 'wallet' apps. Get to know about money by responsible spending, budgeting and tracking expenses.

On the financial practical side, transaction histories and spending summaries enhance e-wallets. (Ahziza, Goso, & Rahmawati, 2024).

2. Behavioral Drivers of E-Wallet Usage

Gen Z's adoption of e-wallet is driven by perceived usefulness, ease and social influence, and technology acceptance. These are the intentions and usage of digital wallets. (Raditya et al., 2024).

3. Spending Behavior and Impulse Buying

E-wallets making it so easy to spend, can also promote impulsive and heavy spending. Instant payments, promotions and cashback functions reduce the mental costs of spending and so help drive young users to more impulse buying. (Goyal, 2023).

4. Features Impacting Financial Decisions

E-wallet tools such as categorized spending summaries and automatic expense tracking promote better financial awareness. However, reward systems can also encourage higher spending, demonstrating both the benefits and challenges of digital payments (Suryati & Safitri, 2024).

5. Fintech Trends and Generational Shifts

Categorized spending summaries and automatically tracked expenses help users to be more aware of their finances. Yet reward systems are also ways to encourage greater spending, highlighting both the positives and negatives of digital payment methods (Gupta, Singh, & Verma, 2023).

III. RESEARCH METHODOLOGY

This research uses descriptive-research design to discuss in depth about the use of e-wallets and its effect on financial literacy among generation Z. The primary data were conducted using structured questionnaire, 163 respondents.

Questions regarded to demographic information, e-wallet usage behavior, frequency of transactions made using the phone, favorite applications in e-wallets, indicators of financial awareness and perception about some of the features such as transaction history in an app, a summary on how much money was used in each category (spending), and cash-back received. We employed a non-probability convenience sample to capture varied experiences of Gen Z. Descriptive and inferential analysis was applied to the data, which helped in understanding usage patterns, behavior trends and relationship between e-wallet adoptions with financial awareness.

IV. DATA ANALYSIS AND INTERPRETATION

Age

The majority of respondents fall into the **18-20 age group (48%)**, followed by the **21-23 age group (18.7%)**, indicating that the survey audience is predominantly **young adults** and likely students.
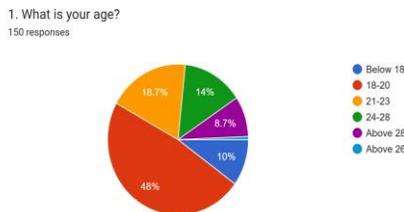

Figure 1 Age

Often used e-wallet

Google Pay (64%) is the most frequently used e-wallet, followed by **PhonePe (16%)** and **Paytm (11.3%)**, pointing to a strong preference for Google's platform among this user base.
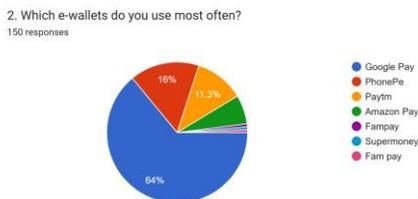

Figure 2 Often used e-wallet

Convenience in usage

The overwhelming majority find e-wallets **highly convenient**, with **40.7% rating it a '5'** and another **26.7% rating it a '4'.**
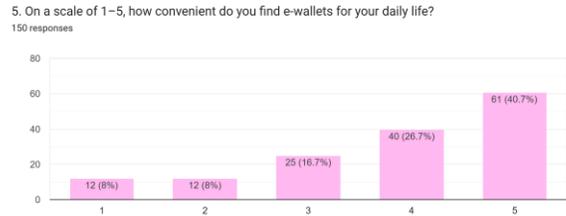

Figure 3 Convenience in usage

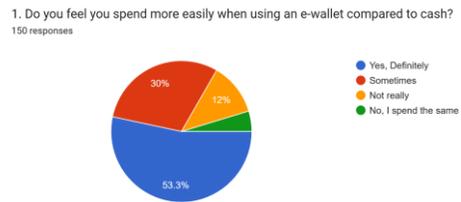*Do you feel you spend more easily when using an e-wallet compared to cash?*

Figure 4 spending more when using e-wallets

'E-wallets make it easier for me to overspend.'

A combined total of **62.6% of users (29.3% 'Strongly agree' and 33.3% 'Agree')** believe that e-wallets make it easier for them to overspend, reinforcing the concern from the previous questions.
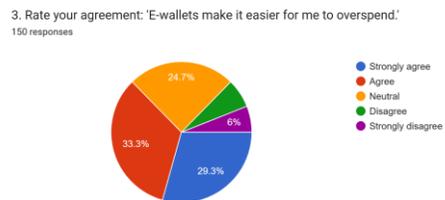

Figure 5 E-wallets make it easier for me to overspend

How often do you check your balance in your e-wallet?

Most users are somewhat aware of their balance, with **38.7% checking 'Once in a while'** and **32.7% checking 'Every time I spend'**.
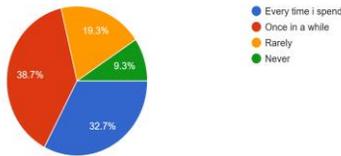
Figure 6 Awareness of balance

Favorite thing about using e-wallets

The top two favorite aspects are **Speed and convenience (35.3%)** and the **No need to carry cash (26.7%)**, emphasizing the practical benefits of digitalization.
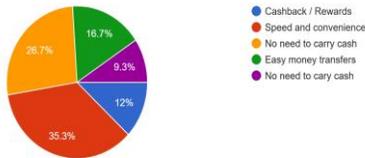

Figure 7 Favorite thing about using e-wallets

Biggest drawback

The most significant drawback is **Technical errors/failed payments (38%)**, followed by the concern of **Overspending temptation (22.7%)**.
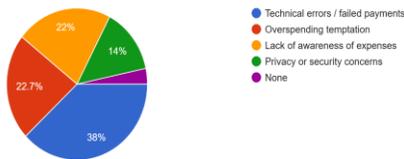

Figure 8 Biggest drawback

Disciplined spending

The largest single group, **40.7%, rates their discipline as a moderate '3'**, suggesting a general sense of *average* control rather than high discipline.
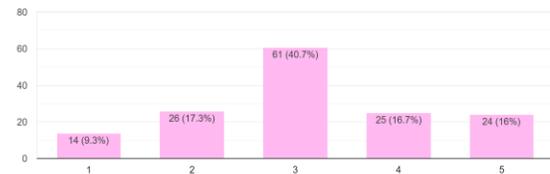

Figure 9 Disciplined spending

Awareness of spending pattern

Almost half of the users **(47.3%) are only 'somewhat' aware** of their spending patterns, while slightly more than a quarter **(28%) are 'Yes' more aware**.
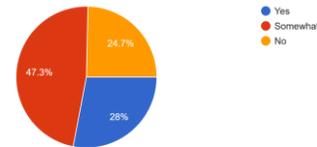
Figure 10 Awareness of spending patterns

Correlation Analysis (Table 1)

Sample size - 163

The Spearman rho for ease of spending and convenience level surrounding use of e-wallet is 0.40, showing a positive relationship between the two; where higher level of convenience could lead to impulsive spending. Spending discipline has a positive correlation to being good with money ($r = 0.32$), and ease of spending is negatively related to managing money ($r = -0.24$). All in all, it seems that discipline matters more than how much you use your e-wallet.

Table 1

Variable 1	Variable 2	Correlation	Relationship
Convenience of e-wallets	Spend more easily	0.40	Moderate positive relationship
Spending discipline	Money management impact	0.32	Moderate positive relationship
Spend more easily	Money management impact	-0.24	Negative relationship
Convenience of e-wallets	Spending discipline	-0.02	No significant relationship
Monthly spending awareness	Spending discipline	0.08	Very weak positive relationship
Convenience of e-wallets	Monthly spending awareness	0.03	No meaningful relationship

Regression Analysis (Table 2)

Table 2

Independent Variable	Beta Value	Result Value (p-value)
Convenience	-0.042	0.397
Discipline	0.060	0.245
Overspending Agreement	0.129	0.080

No significant effects of convenience and spending control on financial literacy are proved ($p > 0.05$). But the belief about e-wallets promoting overspending has a nearly significant positive correlation to awareness ($p \approx 0.08$), indicating that users noticing more overspending become more aware of their spending. This model only accounts for 2.8% of the variance in financial literacy ($R^2 = 0.028$), which means that other behavioural or psychological factors are more important to explicate it.

V. FINDINGS

Dominance and High Convenience

E-wallets are the most common current payment method in this user segment.

- As far as the most popular e-wallet platform is concerned, Google Pay wins out by a mile.
- E-wallets are very convenient in the daily life according to the users.
- The top 3 uses of an e-wallet are for Online shopping, Food delivery and Bill payments/recharges.

Significant Financial Discipline Deficits

A convincing majority feel more money slips away when they are using an e-wallet than cash.

- A substantial majority say e-wallets make it extra-easy to overspend.
- The majority of respondents think they are 'Worse managing money' with e-wallets.
- Offers and cashback lures facilitate simple impulse purchases.

Lack of Expense Awareness and Key Drawbacks

- Most users, on the other hand, do not use any external app or how to track e-wallet spending.
- Less than half the users closely keep tabs on their e-wallet spending every month.
- Downsides reported in the operations. The largest challenges seen are technical problems or non-payment.

VI. SUGGESTIONS

1. Financial Discipline & Overspending

- *Create App Limits:* Force yourself to stick to mandatory spending limits and add friction for larger purchases.
- *Reorient incentives:* From cashback on spending that leads to impulse purchases, toward rewards for savings or necessities.
- *Independent Balances:* Provide a 'Cash-Mode' balance as independent from the overall bank balance to encourage mental accounting.

2. Awareness & Expense Tracking

- *Automatic Summaries (Providers):* Automatically sort expenses, and display them in a clear one-click visual summary/overview (e.g. as weekly chart) on your homescreen.

- Users will be required to manually review a few minutes worth of their transaction history on a weekly basis in order to self-audit spending habits.

- *Incentivize Internal Tools (Users):* Drive increased usage of the e-wallet's native budget or categorization options versus having consumers turn to outside tools.

3. Technical Errors & Reliability

- *Clear Diagnostics (Providers):* Before falling back to error messages, provide customers with explicit and instant feedback when a payment fails (e.g., "Bank server busy") so they have a chance to correct the situation.

- *Transparent Resolution (Providers)* – Provide faster resolution of stuck payments by providing us visable K2 ticket numbers and estimation of the time to fix.

- *Facilitate Communications (Users):* Users ought to ensure that they have a reliable internet connection before conducting urgent payments so that there are fewer occurrences of network ruptures.

VII. LIMITATIONS

1. The sample was well focused on young adults and students, but therefore the results are not generalisable.

2. The study is heavily skewed toward men, potentially affecting findings about financial behaviour.

3. Self-reported data also raised the issue of a possible social desirability bias regarding discipline and awareness among users.

4. The study also is without a comparison to traditional banking or financial behavior with cash, and it thus cannot exclusively attribute the action undertaken for engaging with the e-wallet.

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