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New Payment Modes: Simplification of Consumers' Life
or Real Gear to Overconsumption?

Mémoire de fin d'études présenté par

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Chapter 1

Introduction

Subject of the Study

In the past few decades, experts have sought to draw public attention to the problem of overconsumption that takes on a giant sweep. There has been collected a lot of evidence that people, especially those in industrialized countries, consume more than they actually need. This idea is, for instance, illustrated by Bellinger (2013), emphasizing that annually Americans alone consume plastic cups, forks and spoons enough to circle the equator 300 times. In turn, Ehrlich (1995) makes thinking that the consumer society that emerged in the 19th century as a result of Industrial Revolution, threatens to cause the collapse of the civilization. This threat arises as a result of the inability to strike a balance between the ever increasing global population and rather limited resources.

It is further argued that overconsumption aggravates this imbalance. One of the examples illustrating the validity of this statement emphasizes that 10% of the planet's richest individuals account for 60% of all private consumption (Gondor, 2009). The existing discrepancy encourages examining the sources of overconsumption that has become a burning problem around the world. Presumably, overconsumption is shaped by a myriad of factors. Taking into consideration its limited scope, this research project does not examine all the possible factors. Instead, it aims to determine whether the emergence and widespread of new payment modes preconditions overconsumption in industrialized nations.

Interest of the Study

The main interest of this research project is to determine whether there is a relationship between the availability of cashless payment methods and purchase intention. It is argued that understanding of the

existing relationship is important for several key reasons. The first reason is related to the widespread of cashless payment options in modern society. The data presented by Shuh and Stavins (2014) and U.S. Bureau of Statistics (2014) emphasizes that over 70% of Americans have at least one electronic credit card and use cashless payment methods on a regular basis. Although there is compelling evidence that the widespread of cashless payment options has a positive effect on the economic development, its impact on other aspects of social life is unclear (Hasan and Schmiedel, 2012; Oyewole, El-Maude, Abba, & Onuh, 2013; Zandi, Singh and Irving, 2013). For instance, it is not legible whether the availability of cashless payment options shapes overconsumption and uneven allocation of resources across different population groups.

In addition to the above reason, the relationship between the availability of cashless payment options and purchase behavior is deemed interesting because it is evident across different sectors of science. The relationship is considered to be important from the economic point of view, since some experts view it as a precondition to overcome a deep financial crisis facing different countries (Sultana & Kumar, 2015; Tee & Ong, 2016). The connection is also deemed significant in terms of human psychology and social development (Maslow, 1970; Vroom, 1960; Ward & Lassen, 2008). It is hypothesized that understanding of the reasons underlying purchasing behavior provides insights into what motivates individuals' professional performance, cooperation or development.

Last, but not least important, reason that makes the topic interesting is related to the prospects of sustainable development. It is argued that understanding of the relationship between the availability of cashless payment options and purchase behavior allows forecasting the long-term development of society. It is further hypothesized that having a clear idea of the relationship provides insights into the nature of cashless payment methods: whether they are a tool for sustainable development or bring

humanity closer to collapse. Obviously, an answer to this question will inspire strategies to avoid the latter scenario.

Scope and Limitations of the Study

The section investigates the fact that this research project has some limitations. These limitations arise due to the limited time allotted for research and analysis. While adhering to the ethical principles of honesty and openness, the author of this research project points out to its major limitations – a small number of survey participants (N=23) and interviewees (N=5). The author of the project also admits the fact that some social cues received during the interview could be misinterpreted (Opdenakker, 2006). While investigating the potential limitations, the author though argues that important steps were taken to mitigate their negative impact. Obviously, the most significant step involved using a combination of data collection methods. The step is discussed in greater detail in the methodological part of the project. In addition to the identified step, the author declares openness to discussion. Any feedback on this project is welcome and appreciated.

State of Art on the Subject

Overconsumption has become a serious problem around the world. In his book *The Population Bomb*, Ehrlich (1995) emphasizes that the problem is aggravated because of the ever-growing population. Naturally, it would be wrong to call for action aimed at controlling the global population. However, it is reasonable to strike a balance between the ever-growing population and allocation of the limited resources. These days, the balance is violated because of overconsumption. Moreover, it is argued that the world's most developed nations should bear the greatest for overconsumption. This statement is based on the fact that 10% of the world's richest population accounts for 60% of all private consumption (Gondor, 2009). It is further argued that understanding of the reasons

underlying overconsumption is the first and most important step to responding to its negative effects.

Approaching the problem, experts state that the roots of overconsumption can be traced in the 19th century, marked by the Industrial Revolution (Goodwich, Nelson, Ackerman, and Weisskopf, 2008). The transition to a more intensive level of production created an overabundance of goods that had to be consumed to ensure the continuous development of economy (Goodwich et al., 2008). In turn, the aestheticisation of consumption and launch of the first general-purpose credit cards brought consumption to a new level. Presently, 72% of Americans have at least one credit card, and can even make purchases that go beyond their budget (U.S. Bureau of Statistics, 2014; Smith & Anderson, 2016). The overconsumption has become a reality in the developed nations, and experts seek to determine the factors, either fueling or deterring it.

From this point of view, the availability of new payment modes, involving cashless purchases, has not been given an unambiguous estimate. On one side, there has been collected sufficient evidence that the availability of cashless payment options are a powerful engine of economic development (Liao & Hnada, 2010; Oyewole, El-Maude, Abba, & Onuh, 2013; Runnemark, Hedman and Xiao, 2015). The findings obtained by Liao and Hnada (2010), Oyewole, *et al* (2013), Runnemark, *et al.* (2015) and other experts cited in the *Literature Review* prove that cashless payment options drive economic development due to their being quicker, more convenient and less susceptible to corruption schemes when compared to cash payments. At the same time, little data were collected on the effect that the cashless payment options have on the purchase behavior. Indeed, experts have managed to prove that customers have a positive attitude towards the availability of cashless payment options, and in some instance such availability shapes their purchase behavior (Sultana & Kumar, 2015). However, presently there is not enough evidence to

determine whether the availability of cashless payment options stimulates overconsumption. It is a gap in the existing knowledge that is planned to be covered in this research project.

Problem to Answer

Taking into consideration the existing gap in knowledge, this research problem aims to answer the question: *What are the new modes of payment: Simplification of consumers' life or real gear to overconsumption?*

Taking into consideration the provocative nature of this question, there is a potential threat of making hasty conclusions. In order to avoid such threat, it is planned to answer the question through the accomplishment of the following research objectives: (1) to define consumer society and overconsumption, and identify the factors that shape the latter, (2) to define new payment methods, list and describe common cashless payment options. An important objective is to trace the evolution of cashless payment modes from habitual, but obsolete, cheques to less habitual, but quite promising e-wallets and UPI applications, (3) to determine whether the availability of cashless payment options shapes consumers' purchase behavior, (4) to examine the extent to which the availability of cashless payment options shapes consumers' repeat purchase and overconsumption.

Research Plan

In addition to the introduction, the research project report includes five chapters that bring the readers closer to answering the research question. The list of chapters and their brief outline is presented below.

Chapter 2 is *Literature Review*. The aim of this chapter is to synthesize what is already known on the problem under research. Taking into consideration the scope of the problem, the chapter is further divided into sections: *Consumption, Overconsumption and Consumer Society*,

Factors Contributing to Overconsumption, and New Payment Modes and Their Effect on Overconsumption. To ensure validity and credibility of the presented findings, the sections mainly rely on scholarly materials. With rare exceptions, all the cited resources have been published over the past two few decades.

Chapter 3 of the research project is *Theoretical Foundations*. This chapter aims to outline the major ideas underlying consumption and its relation to the availability of cashless payment methods. Since consumption is a multifaceted phenomenon, it is examined in terms of several theoretical disciplines. In terms of sociological approach, consumption and overconsumption are examined through the theoretical prisms put forward by Bourdieu (1984), Firat and Venkatesh (1995) and Stillerman (2015). In turn, psychological approach to consumption involves the application of Maslow's (1970) and Vroom's (1964) theories.

Chapter 4 is *Methodology*. This chapter provides a detailed account of tools that were used to collect data for the research project. The chapter is further divided into two parts. The first part discusses the process of collecting quantitative data through the application of survey method. The second part analyses the application of qualitative data collection procedure to examine the relationship between the availability of cashless payment methods and overconsumption. The chapter is summarized by the discussion of potential limitations arising from the implementation of the selected data collection tools.

Chapter 5 is *Results and Discussion*. This chapter sets itself two major objectives. The first objective is to present the results obtained from respondents. The second objective is to interpret the obtained findings. Summing up the study results, the chapter also provides considerations for future research.

The last chapter of this research project is *Conclusion*. This chapter summarizes the work done. In the final chapter of this research project,

special attention is paid to the obtained findings, potential limitations and considerations for future research. The chapter also outlines the potential impact of the findings on the practice of management. Additionally, the concluding part presents some suggestions for addressing the discrepancy between the widespread trend to over-consume and the declining resources.

Chapter 2

Literature Review

Introduction

In his book *Collapse: How Societies Choose to Fail or Succeed*, Diamond (2011) puts forward an idea that the most serious problems facing civilization today are under human control. Moreover, they are the creation of human hands. To validate this idea, it is recommended to consider the case of overconsumption. Today, very many people are concerned about buying things that are not a necessity, for instance new gadgets, excessive clothing or unnecessary appliances. While being involved in overconsumption, these people rarely think about its consequences. Meanwhile, the latter are likely to be dramatic. Ehrlich and Ehrlich (2008) attribute these consequences to the fact that the production of new commodities requires additional resources, the amount of which is rather limited. The situation is further aggravated by the rapidly growing global population that replenishes the ranks of thoughtless buyers (Ehrlich, 1995). While it would be wrong to talk about controlling the birth rate and number of people inhabiting the planet, it is reasonable to discuss approaches to limit overconsumption. This way, it would be possible to ensure the rational use of available resources.

It is argued that responding to overconsumption should start from analysis of the reasons underlying it. Thus, the aim of this literature review is to list the main causes of overconsumption and determine whether new modes of payment are among the factors shaping it. To structure the discussion, this section is divided into three major parts. The first part defines consumption and overconsumption. The aim of this section is to understand the ideas underlying the emergence and development of the consumer society. The second section examines factors that contribute to overconsumption. In particular, attention is paid to

property inequality at the national and global levels, as well as advertising that exacerbates the existing discrepancies. The third part examines new modes of payment, including debit and credit cards, mobile payments and prepaid cards, to understand whether they contribute to the development of overconsumption trends. It is hypothesized that new modes of payment aggravate the overconsumption problem, since a large proportion of potential buyers receive even more financial resources for unplanned purchases.

Consumption, Overconsumption and Consumer Society

In his book *The Wealth of Nation*, Smith (1973) argues that “Consumption is the sole end and purpose of all production” (p. 625). People engage in production and consumption to satisfy a variety of needs. The application of Maslow’s (1970) hierarchy of needs allows assuming that people make purchases for five key reasons. These are physiological, safety, social, esteem and self-actualization needs. While meeting the above needs is considered to be important for the harmonious development, a large proportion of individuals tend to consume more goods than they actually need. Such individuals are deemed involved in overconsumption.

Overconsumption has become a huge problem all over the world, but most importantly in developing countries, where the richest 10% account for 60% of all private consumption (Gondor, 2009). Experts have collected sufficient evidence to illustrate overconsumption in industrialized nations. Scholtus (2009), for instance, admits that every year Americans use more than one billion of plastic bags. Industrialized nations also consume tons of paper, glass, aluminum and other materials (Bellinger, 2013). Moreover, annually Americans alone use paper, plastic cups, forks and spoons, enough to circle the equator 300 times (Bellinger, 2013). Evidently, the major problem is that the lion’s share of these goods is a surplus, not a necessity.

Individuals involved in overconsumption constitute the so-called consumer society. In their work Goodwich, *et al.* (2008) state that consumer society lives by consumerist values. The latter involve “the belief that meaning and satisfaction in life are to be found through the purchase and use of consumer goods” (Goodwich et al., 2008, p. 4). It is argued that the emergence of the consumer society was triggered by the Industrial Revolution. Before the middle century, the majority of West European and North American population lived in rural areas (Goodwich et al., 2008). Their clothing and household possessions were rather limited and most often made by artisans from the same village (Goodwich et al., 2008). However, in the period between the end of the 18th and beginning of the 19th century, Industrial Revolution transformed production and eventually consumption. It is believed that swift Industrial Revolution went hand-in-hand with fashions and social pressure that made people buy new items.

Goodwich *et al* (2008) argue that further development of the consumer society was associated with the “worker as consumer” philosophy that emerged in the 1920s and was actively promoted by American trade unions. While promoting this philosophy, trade unions stopped advocating for a shorter work week and focused on better working conditions and higher wages (Goodwich et al., 2008). This resulted in the fact that in some industries, employees began to earn more money, thus could become active participants in the consumption process. However, it would be wrong to assert that the “worker as consumer” philosophy had fully replaced the repressive approach to motivating workers (Goodwich et al., 2008). Goodwich *et al* (2008) point out that the repressive approach still exists in low-skill and low-wage industries. Noteworthy, despite the fundamental differences between the repressive and the “worker as consumer” approaches, they both are the driving force of overproduction and overconsumption. Both approaches create the conditions under which one-tenth of the country’s richest people account for more than half of

individual consumption (Gondor, 2009). The discrepancies existing in the consumer society are analysed further in this review.

Factors Contributing to Overconsumption

Although overproduction triggered by the Industrial Revolution is important, it is not the only factor shaping overconsumption. Bellinger (2013) puts forward an idea that overconsumption is stimulated by the advertising industry. To illustrate the scope of the impact, Bellinger (2013) admits that the average American is exposed to 3000 advertisements a day. In turn, Austin (2012) emphasizes that in 2012, 36 companies spent more than 1 billion dollars on advertising. It is argued that advertising facilitates overconsumption by telling the audience that they will feel happier by buying a new car, wearing fashionable clothes, or owning the newest cell phone.

The huge contribution of advertising to overconsumption was also emphasized by Goodwich *et al* (2008). In their work, Goodwich *et al* (2008) call advertising the major institution of the consumer society and admit that it received its influence in the beginning of the 20th century, when the national economy began to build momentum, and some experts expressed concerns that the quantity of the goods produced would exceed the quantity of the actually needed ones. Such concern was, for instance, voiced by Lebow stating that,

Our enormously productive economy...demands that we make consumption our way of life, that we convert the buying and use of goods into rituals, that we seek our spiritual satisfaction, our ego satisfaction, in consumption...We need things consumed, burned up, worn out, replaced, and discarded at an ever increasing rate (as cited in Goodwich *et al.*, 2008, p. 8).

Advertising is deemed the best way to facilitate the processes outlined by Lebow. Goodwich *et al* (2008) admit that promotion has become a big business in the United States. To illustrate the scope of its

prevalence and the scale of its significance, Goodwch *et al* (2008) point out that in 2004, the advertising industry spent \$134 billion on TV, radio and print advertisement that is equivalent to \$460 per each American. Noteworthy, the amount of money spent on all forms of advertising, including direct mail, phone marketing and Internet advertisement was two times higher than the above mentioned, and exceeded the annual GDP of such countries as Denmark or Saudi Arabia (Goodwch et al., 2008). While illustrating the scope of the industry, it should be admitted that the effect of advertising on the public consciousness is unambiguously. Numerous studies indicate that advertisement is related to eating disorders and other forms of neurosis (Goodwch et al., 2008; Roeder, 2015). This, however, further emphasizes the fact that advertising has become a powerful factor shaping overconsumption in modern society.

In addition to advertising, overconsumption is shaped by consumer credit, another institution that emerged in the early 20th century and continues to build momentum in modern society. To illustrate this idea, Goodwch *et al* (2008) admit that consumer credits were uncommon in the 1900s, because American cultural values “emphasized thrift, prudence, and living within your income” (p. 10). Poorer households could take small loans to buy the necessities of life, and middle-class households were given loans to buy houses or furniture (Goodwch et al., 2008). However, taking loans to buy some immediate pleasures was uncommon and not forgiven, regardless of the household’s income.

The rise of consumer credit was in the 1920s, when economist Seligman convinced the public that buying on credit was a sound idea (Goodwch et al., 2008). In his speech, Seligman relied on the study funded by General Motors. Seligman’s argument was based on two key ideas. The expert stated that credit purchases were an essential precondition to economic growth (Goodwch et al., 2008). Comparing between the early 19th and early 20th century America, it is valid to assert that economic development is made possible when there is a demand on

the manufactured goods. At the same time, Seligman challenged the above values of prudence and living within own income. In his speech, he admitted that it was impossible to condemn luxury purchases because the definition of luxury varied from individual to individual (Goodwich et al., 2008). For instance, buying a car on credit was hardly a luxury, since many families live in places where there was no public transport, or could make the vehicle part of their business.

Despite Seligman's active propaganda, it took around three decades before banks started issuing general-purpose credit cards (Goodwich et al., 2008). At the moment, general-purpose credit cards are rather popular in the United States. The study conducted by Shuh and Stavins (2014) points out that 72% of consumers have at least one credit card. Similar information was presented by the U.S. Census Bureau (2014), according to which 167 million American adults have at least one general-purpose credit card. In turn, the findings cited by Holmes (2017) point out that various population groups differ in the amount of credit cards that they hold. For instance, Baby Boomers have 2.66 cards on average, while Generation X has 2.13 cards (Holmes, 2017). It is interesting to admit that millennials, ages between 19 and 29, have the fewest number of credit cards. On average, millennials have 1.57 bank cards (Holmes, 2017). This statistics allows putting forward two assumptions regarding the effect of modern payment modes on consumers' purchase patterns. It is hypothesized that payment modes make the consumption process more affordable and convincing, thus more common. It is further assumed that various population groups demonstrate different approach to using payment modes and consumption. Both assumptions are tested further in this project.

New Payment Modes and Their Effect on Overconsumption

Although general-purpose credit cards are very common in modern society, they are not the only popular payment mode. Experts admit that

recently the role of physical currency has waned because people prefer to use cashless modes of payment (Singh, 2016; Smith & Anderson, 2016). Since there is no consensus on cashless modes of payment, it is required to examine the issue in greater detail. It is offered to examine the already popular and emerging modes of “cashless economy” (Smith & Anderson, 2016, p. 1). Moreover, it is proposed to examine whether and how new modes of payment stimulate consumption and overconsumption.

Cashless purchases have become very popular among Americans. The validity of this assertion is confirmed by the statistics collected by Smith and Anderson (2016). The statistics emphasizes that about a quarter of all Americans do not make purchases using cash during their typical week (Smith & Anderson, 2016). At the same time, 51% of Americans prefer mixed payments: they make some purchases using cash, while other purchases are made in other ways (Smith & Anderson, 2016). Thus, in modern American society, only a quarter of the population prefers using cash to make their purchases.

At the moment, there is a wide variety of cashless payment methods, but only ten most popular of them will be considered in this project. In addition to the already examined credit cards, the payment methods to consider are cheques, demand drafts, online transfers, e-wallets, mobile wallets, UPI applications, gift cards, aadhaar enabled payment system and unstructured supplementary service data. The above methods will be examined in terms of their principle of action. The examination also approaches the likely advantages and disadvantages. Finally, the assessment presents some considerations regarding the popularity of these methods in the United States and worldwide.

The cheque is, evidently, one of the oldest payment methods. The essence of this method is that an individual issues a cheque for a specific amount to someone else (Parekh, 2016). The cheque gets deposited in the respective bank that is responsible for processing the payment through it

clearing house (Parekh, 2016). The transaction is done only after the cheque is recorded and there is a proof of payment (Parekh, 2016). Obviously, the cheque cannot be considered an impeccable payment method. Indeed, the time-tested method of monetary transaction is considered to be the main advantage of the cheque. At the same time, cases where checks are falsified or there is insufficient fund to make a payment are not rare (Parekh, 2016). Taking into account the existing limitations, it is recommended to consider other cashless methods.

For example, the adherents of traditional payment modes are likely to choose a demand draft. The principle of operation underlying the demand draft is similar to that of the cheque. However, unlike the cheque, the demand draft never gets defaulted because it is signed by the banker (Parekh, 2016). In general, the demand draft is an obsolete method, and the number of consumers using it is reducing. Obviously, this is because a person needs to visit a bank to deposit the demand draft and it takes some time to clear it (Parekh, 2016). Meanwhile, there are a number of quicker and more convenient payment methods that require further consideration.

Online transfers are one of such quick and convenient methods. A person makes online transfer using internet banking facility. The advantages of this payment method are obvious. Most importantly, a consumer is able to make a payment from anywhere by using internet facility (Parekh, 2016). Also, in most cases, online transfers are a much quicker method when compared to the check or demand draft. However, each online transfer undergoes a detailed check from the bank, and it may take up to several working days.

Online transfers are often made using e-wallets. This payment option has become very popular among modern consumers, since it allows making a range of purchases, both online and offline. E-wallets commonly used by consumers are *PayPal*, *Payoneer*, *Skrill* and *PayZa* (Parekh,

2016). The popularity of e-wallets is due to their convenience and simplicity. At the same time, e-wallets are not available, if a consumer does not have a smartphone with active internet connection.

Mobile wallets are another payment option that is very similar to e-wallets. The only important difference is that unlike e-wallets, mobile wallets do not need a debit/credit card or internet mobile banking to make a payment (Parekh, 2016). The best known examples of mobile wallets are *Paytm*, *Oxigen* and *MobiKwik*. Although mobile wallets are less secure when compared to e-wallets, they still have a number of important advantages. For example, mobile wallet applications are easy to download and use.

Similarly to online transfers, e-, and mobile wallets, UPI applications are gaining momentum. The principle of UPI applications is that a person uses smartphone to make financial transactions (Parekh, 2016). Unlike the above discussed online transfers, UPI applications do not require entering bank information to make a transaction (Parekh, 2016). The speed of transactions, convenience and variety of options are another important advantage of UPI applications (Parekh, 2016). Presently, consumers and merchants can choose between *SBI Pay*, *ICICI Pocket*, *PhonePe* and other applications.

In addition to the already discussed options, banks and merchants offer gift cards. This payment option is presented in the form of a ready-made card loaded with a fix cash amount (Parekh, 2016). The card is considered to be a very popular present for various occasions, since it practically removes the possibility that the gifted person will not like the bounty. At the same time, the gift card has some limitations. The most evident limitation is that the gift card can only be used to buy an item from a specific vendor.

As technology develops, consumers are offered ever more sophisticated payment methods, like AAdhaar Enabled Payment System

(AEPS). This payment method is very different from the above one, since it works as Micro ATM (Parekh, 2016). The AEPS uses smartphone and a finger-print scanner to make a transaction from or to bank account. The obvious advantage of the AEPS is a high degree of security of transactions. At the same time, a consumer cannot use this method, if there is no active internet connection.

In such cases, a consumer may benefit from using the Unstructured Supplementary Service Data (USSD). The USSD is a mobile banking service that can be accessed by any individual who does not have a smartphone or internet connection (Parekh, 2016). To access this cashless payment method, a consumer should dial *99# on their cell phone (Parekh, 2016). Evidently, this method is less popular than the AEPS or other transactions. However, accessibility and reliability are its undeniable advantages.

The presented description allows assuming that cashless society is not a fiction, but an approaching reality. A swift transition from a society that uses cash to the cashless one was described in the CBS News (2012) article *Why Cash Is Losing Its Currency*:

After all, there was a time when we needed cash everywhere we went, from filling stations to pay phones. Even the tooth fairy dealt only in cash. But money isn't just physical anymore. It's not only the pennies in your piggy bank, or that ragged dollar bill. Money is also digital – it's zeroes and ones stored in a computer, prompting some economists to predict the old-fashioned greenback may soon be a goner (p. 1).

Evidently, it would be wrong to dispute whether cashless society is good or bad, but it is rather necessary to focus on its effect related to the economic development and consumption. The evidence collected by various experts clearly demonstrates that cashless payments boost economic growth. The validity of this statement was confirmed by Hasan

and Schmiedel (2012). In their study, Hasan and Schmiedel (2012) confirmed the relationship between the adoption of electronic retail payment and economic growth in 27 European countries in the period between 1995 and 2009. The findings obtained by Hasan and Schmiedel (2012) point out that migration to electronic payment methods will stimulate economic growth and consumption. While the conclusions made by Hasan and Schmiedel (2012) make a huge contribution to the present discussion, there are still a number of issues to clarify. For instance, Hasan and Schmiedel (2012) admit that the effect of credit and debit cards, as well as fund transfers and cheques payment on the economy is relatively small. However, the experts do not specify cashless payment methods that have or will likely have a tremendous impact on the economic development. It is believed that the knowledge of such methods is extremely important to comprehend the factors shaping consumption and over-consumption.

The study conducted by Zandi, Singh and Irving (2013) confirmed the conclusions made by Hasan and Schmiedel (2012). In their research, Zandi *et al.* (2013) examined the long-term effect of shifting to debit and credit card payments on economic development in 56 countries worldwide. The obtained findings allow assuming that cashless payment methods make economies more competitive, thus better developed. Mieseigha and Ogdobo (2013) attribute this to the fact that electronic transactions are deemed more transparent, accountable, and less exposed to cash related fraud. It is interesting to note that cashless payment options are considered to be more reliable both in developing countries, where the level of corruption is extremely high, and in developed ones (Liao & Handa, 2010). Further popularization of cashless economy and subsequent economic development will be achieved through improvement and innovation of electronic payment systems (Oyewole, El-Maude, Abba, & Onuh, 2013). Park (2013), for instance, emphasizes the need to increase the security of online transactions. In turn, Tee and Ong (2016) point out to a necessity

to establish the consistency between various payment modes, for instance e-wallets and online transfers. This recommendation is due to the assumption that adoption of one type of cashless payment affects another type in the short run (Tee and Ong, 2016). However, despite the existing concerns, it is now clear that cashless payment modes boost economies and make them more competitive.

In addition to the above research, a number of qualitative research studies have been undertaken to understand consumers' perspective on using cashless payment methods. It is hypothesized there is a relationship between consumers' attitude toward cashless payment methods and their involvement in overconsumption. The confirmation of this hypothesis can be found in the study of Sultana and Kumar (2015). The experts admitted that modern customers are more involved in cashless consumption, since it is more convenient when compared to using cash. Some advantages cited by Sultana and Kumar (2015) include, but are not limited to, the absence of the need to carry large sums of cash, flexibility of payments, good consumer protection and emergency access to funds. On the whole, customers feel more secure during cashless transaction than when using cash. However, the cited studies still do not specify the factors that mitigate the relationship between cashless payment methods and consumers' psychological readiness to buy more goods and services than they actually needs. These factors are examined further in the project.

Conclusion

Overconsumption has become a serious problem of modern society and it is aggravated by the rapid growth of the world's population. Taking into consideration the potentially negative effects of overconsumption, it is necessary to understand the roots of the problem to deter the process. The analysis of literature resulted in two major conclusions. The first conclusion is that overconsumption is not a modern problem and its roots can be traced in the end of the 18th and beginning of the 19th centuries,

when the Industrial Revolution led to the emergence of new products that needed a large market. At the same time, the emergence of cashless payment methods in the beginning of the 20th century and their continuous advancement nurtures overconsumption and makes it more amplitudinous. People are increasingly becoming involved in overconsumption, since new payment methods are more convenient in a number of respects. However, it should be admitted that while the literature points out to the positive relationship between the emergence and advancement of cashless payment options, it does not specify the psychological factors shaping it. The factors shaping the identified relationship are examined further in this project.

Chapter 3

Theoretical Foundations

Introduction

The above literature allows assuming that the emergence and advancement of new payment modes is a complex phenomenon that can hardly be considered in terms of only one theoretical framework. It is, thus, proposed to examine the effect of cashless payment modes in terms of sociological and psychological theories of consumerism. This section will examine a range of sociological approaches to consumerism, including those of Bourdieu (1984), Firat and Venkatesh (1995) and Stillerman (2015). The section will also examine a number of psychological approaches to consumerism. Particular attention will be paid to Maslow's (1970) hierarchy of needs and Vroom's (1964) expectancy theory. The comparison between the theories is conducted to test an assumption whether the emergence and advancement of cashless payment methods coincides with consumers' needs that underlie purchasing intention, thus intensify consumption.

Sociological Theories of Overconsumption

People spend a lot of time thinking about the things that they might consume. This statement is equally true for Baby Boomers, who have the largest average number of credit cards, and for the Millennials, who "have fallen in love with the idea of living a minimalist lifestyle" (Holmes, 2017; Hunter, 2017). This finding gives the right to assert that consumption is integral part of an individual's social life. Thus, consumption and overconsumption can be examined in terms of sociological theories. The theories that apply to the issue and will be discussed in this project were once proposed by Bourdieu (1984) and Featherstone (2000), Firat and Venkatesh (1995) and Stillerman (2015).

Bourdieu (1984) and Featherstone (2000) Theory of Overconsumption

The main idea underlying the theory put forward by Bourdieu (1984) and later elaborated by Featherstone (2000) is that consumption has intensified due to technological innovations and related social changes. Bourdieu (1984) and Featherstone (2000) argue that technological innovations result in the emergence of the “new middle class” that is comprised of people who are working in media, fashion and other highly profitable industries. These people perform the role of “cultural intermediaries” by adopting the “ethic of self-expression through consumption” (Bourdieu, 1984; Featherstone, 2000). “Cultural intermediaries” perceive their behavior and lifestyle as a way to promote the “aestheticisation of daily life” (Bourdieu, 1984; Featherstone, 2000). The idea underlying the aestheticisation is that buying things makes daily life more interesting and enjoyable. A description of this philosophy can, for instance, be found in Hunter (2017) admitting that,

Every time I open a new package freshly delivered by Amazon delivery man, I am filled with joy. Others may not be able to relate, but that is the beauty of subjective value, my happiness is unique to my individual wants and needs (p. 1).

While Hunter (2017) rightfully admits that purchases cause strong emotional reactions, she is mistaken when stating that other people may not relate consumption to happiness. Based on the theory of Bourdieu (1984) and Featherstone (2000), Hunter (2017) and other “cultural intermediaries” make a significant contribution to ensure that consumption values are filtered down to the rest of the population even those whose income is quite low. This, in turn, raises the question of where the low-income households are taking funds for the aestheticisation of their life. The previous analysis allows assuming that the funds come from credit cards and other cashless payment modes. However, this assumption requires further examination.

Firat and Venkatesh (1995) Theory of Consumption

The theory put forward by Firat, Dholakia, and Venkatesh (1995) states that overconsumption emerged as a result of the loss of modernist ideas of progress, distinction between production and consumption, and notion of an individual as a unified actor. When approaching the problem, Firat *et al.* (1995) examine it in terms of a repeating cycle between production and consumption. In this cycle, the existing roles are heterogeneously distributed. To validate this assertion, Firat *et al.* (1995) encourage comparing between the role assigned to advertisers and the one performed by an individual consumer. The advertisers use a range of tools to create an identity, while the consumer is expected to purchase the product in order to get this identity. For instance, in terms of advertisers, a successful person drives a fast car, wears expensive clothes and uses the newest gadgets. Evidently, such identity leads to a conflict in society. While most members of society would like to have such an identity, only a small proportion of individuals actually have it. Obviously, the existing conflict can be addressed in a number of ways and offering a range of cashless payment options is among them.

The application of the theory developed by Firat *et al.* (1995) allows drawing a parallel between the nascent consumer society and the 21st century consumerist community. In the 1920s, Seligman managed to convince American public that buying a car was not a luxury, but a necessity (Goodwich et al., 2008). In turn, modern advertisers have been able to significantly expand the list of items that are now perceived as indispensable attributes of modern life, including expensive mobile phones, luxury clothes and cosmetics. Obviously, the only difference between the two periods considered is that unlike their grandparents and parents, modern American consumers are provided with a wider range of tools to construct their social identity. While in early 20th century, Americans could only use credit cards to buy things that they could not afford, modern consumers are free to choose between a variety of payment options.

Stillerman's (2015) Theory of Overconsumption

A detailed description of Stillerman's (2015) theory of overconsumption is given in *The Sociology of Consumption*. In general, Stillerman's (2015) theory is deemed a synthesis of the above approaches to consumption and overconsumption. An important contribution made by Stillerman (2015) is the chronology of consumerism in the industrialized society, starting from the beginning of the 20th century through rapid industrial and technological development and to the present days. Another valuable contribution made by Stillerman (2015) involves the identification of two major trends underlying consumption in modern society. The first trend is related to the global south as a source of cheap technology (Stillerman, 2015). Although this trend is quite interesting from the sociological point of view, it does not fit into the research scope, thus is not discussed in this project. The second trend described by Stillerman (2015) is related to technological changes. In terms of Stillerman's (2015) approach, technological changes are a complex phenomenon that includes, but is not limited to, transport links and communication technologies. Developed transport links mean that a consumer can buy virtually any item and from anywhere in the world. In turn, advanced communication technologies mean that a consumer can learn about various goods and means to buy them.

It is suggested that the latter trend is directly related to new payment methods. Consumers use internet, social networks and other communication technologies to choose goods, while application of cashless payment methods makes purchasing easier than ever before. To validate this assumption, it is proposed to return to the example of Hunter (2017) who describes her enthusiasm from shopping on Amazon. Understanding of modern realities makes Hunter's (2017) enthusiasm quite justified. Indeed, to make a purchase Hunter (2017) does not have to waste her time on shopping trips or standing in queues to buy an item that she likes. The only thing that Hunter (2017) needs is an active internet

connection that would allow access to her funds. Similarly to a large proportion of modern customers, Hunter (2017) is only one click away from the thing that she likes.

The described case makes it clear that cashless purchases are tricky. On the one hand, they are much more convenient when compared to purchases using cash (Sultana & Kumar, 2015). In the case under analysis, Hunter (2017) is spared from a number of actions to be fulfilled by a consumer who buys the goods for cash, for instance, there is no need to visit several shops in search of a good offer or stand in long queues to buy the selected thing. On the other hand, cashless purchases may dull the sense of reality, since a consumer deals with some abstract “zeroes and ones”, not tangible material goods (CBS News, 2012, p. 1). The feeling of reality is further blunted, when an individual spends much time on the web that is filled with a variety of offers.

The validity of the assumptions made was confirmed in the study of Runnemark, *et al.* (2015). The study included 82 master-level students at the IT University in Copenhagen. The participants were asked to make a payment with “relatively new and advanced” payment methods (Runnemark *et al.*, 2015, p. 3). The iZettle and PayPal were used as cashless payment methods investigated by Runnemark *et al.* (2015). Summing up the results Runnemark *et al.* (2015) emphasize the relationship between the payment method and decision to spend money. It was found that the subjects who used debit cards demonstrated greater willingness to pay when compared to the participants who used cash. It is assumed that understanding of why the use of cashless payment methods increases consumers' willingness to pay more will provide valuable insights into psychological mechanisms underlying payment behavior, thus establish some control over consumption process.

Psychological Theories of Overconsumption

Maslow's (1970) Hierarchy of Needs

Analysis of the study conducted by Runnemark *et al* (2015) allows assuming that payment behavior is shaped by a number of factors, including psychological ones. Psychological motivators of payment behavior can be examined through the application of Maslow's hierarchy of needs. The main idea underlying this approach is that human needs belong to one of the five levels: physiological, safety, social, esteem, and self-actualization needs (Maslow, 1970). An individual cannot move to a new level, until the needs of the previous one are not satisfied (Ward & Lassen, 2008). For example, a person cannot move to the self-actualization stage, if his/her social or esteem needs are unmet. Thus, the application of Maslow's (1970) hierarchy of needs allows assuming that individuals are involved in consumption to meet specific needs, for instance buy food to satisfy physiological needs or gadgets to approach esteem needs.

While analyzing Maslow's (1970) hierarchy of needs, Ward and Lassen (2008) assume that personal incomes shape the proportion of purchases made to satisfy the needs at a specific level. For example, with the increase of their income, consumers spend more on activities that are higher placed in the hierarchy of needs, and less on the ones that satisfy basic needs (Ward & Lassen, 2008). The assumption made by Ward and Lassen (2008) was validated in the study of FAO, according to which in most developed countries, only a small proportion of personal income is spent on food, while in developing countries this expense item makes the lion's share of the personal budget. It is argued that the finding obtained by Ward and Lassen (2008) has an important implication for this project because it encourages thinking about the factors shaping payment behavior in different economies. In addition to different rates of advancement, economies in developing and most developed countries differ in terms of the prevalence of technology. While for developing economies, cashless society is still a kind of fiction, for most developed countries it is integral part of everyday life (Tee & Ong, 2016). This hypothesis can be tested through comparison between the number of transactions on credit cards in

the United States and in India. While in the USA, credit card transactions constitute half of all financial transactions, in India, they account for only 27% (Smith & Anderson, 2016; MediaNama, 2016). It means that US consumers are more involved in consumption when compared to Indian buyers. The application of Maslow's hierarchy of needs and the above comparison allows concluding that unlike in developing countries consumers in most developed economies have more financial opportunities and tools to engage in consumption and overconsumption.

Vroom's (1964) Expectancy Theory

The phenomenon of overconsumption can also be explained in terms of Vroom's expectancy theory. The main idea underlying Vroom's expectancy theory is that an individual's behavior is the result of conscious choices among alternatives the main purpose of which is to maximize pleasure, while minimizing pain (A Summary of Motivation Theories, n. d.). As a rule, Vroom's expectancy theory applies to motivating employees. However, it is also deemed valid to explain why individuals engage in overconsumption. In order to provide a comprehensive analysis, it is recommended to describe the mechanisms that form the basis of Vroom's theory.

Parijat and Bagga (2014) identify two major elements in Vroom's expectancy theory. The first idea involves an assumption that every individual has personal goals that he/she would like to achieve. The second idea is that an individual's financial position is a tool for achieving the goal. If an individual's financial position is stable, he/she is able to purchase a particular good, thus achieve a certain goal or satisfy a specific ambition. In this way, in its traditional interpretation, a distance between an individual's goal and its achievement is covered through individual effort, individual performance and organizational reward (Parijat & Bagga, 2014). It is argued that the outlined scheme functioned in the described form until the 1920s, when the first general-purpose credit cards

were introduced in the United States (Goodwich et al., 2008). Indeed, previously an individual could not possess a certain product, for instance a car or some piece of furniture, until he earned money to make the purchase. However, times have changed and the distance between an individual's goal and its actual achievement is not as long as it used to be decades ago. In many cases, a consumer does not need to make an effort to obtain a reward and purchase the thing that he/she likes. Modern customers are given a number of opportunities to receive some item right at the moment when they have such a desire, for instance they can buy the thing that they like on credit.

In terms of Vroom's theory, the absence of the need to make an effort to achieve the desired increases the valence, that "measures the attractiveness, preference, value or the linking of the reward" (Parijat & Bagga, 2014, p. 3). The assertion is validated by examining the formula, where $\text{Effort/motivation} = \text{Expectancy} * \text{Instrumentality} * \text{Valence}$ (Parijat & Bagga, 2014). The relationship between the above variables is further detailed in the table prepared by Newstrom and Keith (1999) and copied below.

Table 1. Valence, Expectancy and Instrumentality in Vroom's Theory

| SITUATION | VALENCE | EXPECTANCY | INSTRUMENTALITY | MOTAVATION |
|-----------|---------------|------------|-----------------|---------------------|
| 1 | High positive | High | High | Strong Motivation |
| 2 | High positive | High | Low | Moderate Motivation |
| 3 | High positive | Low | High | Moderate Motivation |
| 4 | High positive | Low | Low | Weak Motivation |
| 5 | High negative | Low | Low | Weak Avoidance |
| 6 | High negative | High | Low | Moderate Avoidance |
| 7 | High Negative | Low | High | Moderate Avoidance |
| 8 | High negative | High | High | Strong Avoidance |

It is argued that in the presented equation, cashless payment options stand for instrumentality. Based on Vroom's (1964) theory, there is a direct relationship between the instrumentality, valence and motivation. While acting as instrumentality, cashless payment methods increase an individual's confidence in the probability of positive outcomes, for

instance the use of the credit card will shorten the time required to obtain the desired item. This, in turn, increases a consumer's motivation to make a purchase. Thus, the application of Vroom's (1964) expectancy theory allows hypothesizing that cashless payment methods boost consumption and are likely to result in overconsumption. Further research is undertaken to an aim to verify this hypothesis.

Conclusion

Consumption and overconsumption are not only economic concepts, but can also be examined in terms of sociological and psychological theories. The chapter proved that overconsumption and its dependence on cashless payment methods can be examined from the perspective of such sociological theories as Bourdieu's (1984), Featherstone's (2000), Stillerman's (2015) and others. These theories suggest that technological progress shapes the formation of an individual's identity that is directly related to consumption and whose construction is facilitated through the use of cashless payment options. At the same time, consumption and overconsumption can be analysed in terms of psychological theories, including Maslow's (1970) hierarchy of needs and Vroom's (1964) expectancy theories. The analysed theoretical approaches encourage viewing cashless consumption as an easy way to satisfy individual needs and meet expectations.

Chapter 4

Methodology

Introduction

For this project, the data were collected using mixed methods research methodology. In a way, the use of mixed methods research is deemed a departure from the usual research canons that are either quantitative or qualitative. However, Creswell (2003) admits that the existing division is quite conditional, since modern research situation is often at the junction of qualitative and quantitative research dimensions. It is further argued that in management science, using a combination of mixed methods research has a number of advantages over using only qualitative or quantitative data collection tools.

Evidently, the most important advantage of mixing data collection methods is that it reinforces the strengths of qualitative or quantitative data collection methods, while mitigating their weaknesses. In order to validate this assertion, Bian (n. d.) points out that while using a combination of data collection methods, a researcher is able to establish a balance between generalization and in-depth analysis, which preconditions obtaining insightful answers to the researched questions. Additionally, it is argued that the combination of data collection methods allows collecting more comprehensive information that shapes the robustness of research. While emphasizing the advantages of mixed methods research, experts offer a number of approaches to combine various data collection tools. For instance, a researcher can use survey data together with interview responses, or experimental design with a case study.

This research project relies on quantitative data collected through survey, and qualitative data obtained from interviews. Thus, methodological section sets itself a number of important tasks. One of the

top priorities is to describe data collection tools, analyze their strengths and offer strategies to mitigate the potential weaknesses. Another important task is to describe data collection procedure to ensure that the study is replicable, thus valid. Last, but not least important, task put forward in the section is to present a detailed analysis of the ethical inherent in the research.

Quantitative Data Collection Procedure

Quantitative data were collected using online survey research methodology. Andrews, Nonnecke and Preece (2003) admit that although online survey research is not an impeccable data collection tool, it has a number of advantages. The advantages outlined by Andrews *et al.* (2003) and other experts were deemed significant for this research project. It was, for instance, taken into consideration that online surveys provided the ability to conduct large-scale data collection (Couper, 2000). The scale of data collection was preconditioned by a rather wide prevalence of the internet connection in American households and offices. Other advantages that were taken into account when selecting online survey data collection method included low cost, speedy distribution and high response rate (Yun & Trumbo, 2000; Andrews et al., 2003). When choosing online surveys as a quantitative data collection tool, the researcher counted on the broad opportunities provided by the World Wide Web. Although not all expectations justified themselves, it is stated that choosing online survey data collection method was a justified decision.

Sample and Settings

The survey participants were selected using snowball sampling technique. The researcher contacted a number of colleagues who had previously expressed interest in the topic of technological novelties shaping consumption and overconsumption and asked them to recommend the study to the individuals whose responses could contribute to the study. All the potential participants were sent an email prior they could engage

in the study. The email was designed to inform the participants about the aim of the study, working hypotheses and contribution that their responses could make to either confirming or refuting them. A copy of the letter sent can be found in Appendix 1 of this project.

The letter sent to the potential survey participants specified the inclusion criteria. The survey aimed at male and female participants, not younger than 18 years. The research study did not make any demands on the potential participants' education or work. However, the study preferred the participants who were aware of different types of cashless payment methods. Preference was also given to the candidates who had experience with at least one cashless payment method.

When the participants familiarized with the purpose of the survey, they were requested to follow the web link to access the survey form. The survey form contained ten open-ended questions, each having three answer options. The survey was designed in a way so that participants could not proceed to the next question without answering the previous one. Also, the survey design involved the possibility to choose only one answer for each question. The researcher aimed to receive a high level of response through designing clear questions, unambiguous answer options and short timeframes. It was planned that a participant would spend an average of 3 to 5 minutes answering the questions. A sample survey form is found in Appendix 2 of this project.

Data Analysis

The collected data were analysed through tabulating results in one-way tables. The selected data analysis method has a number of advantages, including simplicity and lack of necessity to use any statistical analysis software (University of Reading, Statistical Services Center, 2001). It is further argued that tabulating data in one-way tables allows identifying the most frequently selected responses (University of Reading, Statistical Services Center, 2001). These responses point to existing trends and are

the subject of further discussion in the interview. Tabulated responses are found in Appendix 3 of this paper.

Qualitative Data Collection Procedure

Qualitative data were collected through face-to-face interviews with participants. As in the survey, the participants were selected using snowball sampling technique. The qualitative data collection stage involved interviewing individuals who were either survey participants or non-participants. Preference was given to the candidates who used at least one cashless payment option on a regular basis. Those candidates deemed to accumulate a wealth of experience, the reliance on which could help understanding whether cashless payment options boosted consumption. The accumulated experience was also required to determine the factors mediating the relationship between the availability of cashless payment options and motivation to engage in payment behavior.

Sample and Settings

The interview was conducted with five individuals who met the above specified inclusion criteria. Before the interview, the potential participants receive an electronic consent form that explained the purpose of the study, data collection procedure and terms of participation. Only those candidates who familiarized with and signed the consent form were admitted to the interview. The sample consent form can be found in Appendix 4 of this project. The structured interview questions are presented in Appendix 5 of the project.

In total, five interview sessions were conducted. Each interview session lasted 10 minutes on average. During the session, the interviewee's responses were recorded. The recording procedure was mentioned in the consent form, and those candidates who objected it were not admitted to the interview. After the interview, each participant could familiarize with the collected responses to verify the researcher's objectivity.

Data Analysis

The data collected during the interviews were analysed using thematic analysis. The theoretical framework underlying thematic analysis was proposed by Braun and Clarke (2006). The main idea underlying the framework is that thematic evaluation involves “identifying, analyzing, and reporting patterns (themes) within the data” (Braun & Clarke, 2006, p. 79). The presented approach to qualitative data analysis has a number of advantages. Evidently, the main advantage of the selected analytical strategy is that “rigorous thematic approach can produce an insightful analysis that answers particular research questions” (Braun & Clarke, 2006, p. 97). The themes identified through the application of the proposed framework are tabulated in Appendix 6 of this project.

When designing the table, the most serious challenge was to determine what counts as a theme. The valuable guidance on this issue was found in Braun and Clarke (2006) and Bazeley (2009). The idea underlying the approach presented by Bruan and Clarke (2006) is that a theme captures the key idea about the data in relation to the research question. In turn, Bazeley (2009) defines a theme in terms of the links that form a coordinated picture or an exploratory model. In this way, theme fits into a three-step framework that involves description, comparison and relation (Bazeley, 2009). The responses that describe the determined themes are found in Appendix 6 of this project. At the same time, relation and comparison between the themes are presented in the analytical part of this project.

Ethical Considerations

The validity and reliability of data collection and analysis are reinforced through adherence to ethical norms. In his review, Resnik (2015) suggests five key reasons why adherence to ethical norms in research should be considered a priority. These reasons are as follows: (1) Adherence to ethical norms promotes the aims of research, for instance,

knowledge and avoidance of error. (2) Ethical norms facilitate cooperation between experts in different institutions and disciplines. (3) Adherence to ethical standards makes a researcher accountable to the public. It means that conducting a research is a socially responsible action. (4) Compliance with ethical norms and standards builds public support for research. (5) Conducting ethical research is an essential precondition to promoting a range of moral and social values. To ensure compliance with ethical principles, this research project was guided by the moral code outlined by Shamoo and Resnik (2015). The code that was applied to the research process incorporated the values of honesty, objectivity, openness, respect for intellectual property, and confidentiality. A brief review of the mentioned values provides insights into the moral foundations of the research project.

While describing the value of confidence, Resnik (2015) emphasizes its multifaceted nature. This value applies to all scientific communications, as well as data collection, reporting and publication process (Resnik, 2015). The value of honesty guided this research project, especially in terms of data interpretation. In order to avoid falsification, misinterpretation or other consequences related to academic dishonesty, this research project provides a detailed account of all the sources used, tools applied and information collected. These tools are found either in the body of the project or in the appendices.

Another important value that guided the project was that of objectivity. Resnik (2015) describes this value as a commitment to “avoid bias in experimental design, data analysis, data interpretation, peer review...and other aspects of research where objectivity is expected or required” (p. 1). The value of objectivity was adhered through citing of all outside sources. Objectivity of the study was also achieved through disclosing personal or financial interests that might affect research (Resnik, 2015). The author of the research declares with full responsibility

that this project does not involve any personal or financial interests that may affect its validity and reliability.

In addition to the mentioned values, this research project adhered to the standards of openness. In the framework presented by Shamoo and Resnik (2015), the concept of openness applies to sharing data, results, tools, and resources. It also involves a researcher's openness to criticism and new ideas (Resnik, 2015). The application of the outlined standards suggests that this research project complies with the value of openness. The author of the project provides a detailed account of all resources, tools and data collected during the project. The researcher also acknowledges the fact that this research study has some limitations that are discussed further in this chapter.

The principle of openness is directly related to the respect for intellectual property. In the framework presented by Shamoo and Resnik (2015), respect for intellectual property applies to the proper acknowledgment of all contribution to the research. All the information that was taken from outside resources is cited and referenced in this project. This encourages readers to make sure that the outside information is not pulled out of context and correctly interpreted. Further respect for intellectual property is evident in the fact that the author does not use unpublished data and methods. The lack of such data is due to the fact that its use requires permission of their owner.

The last, but not least important, value guiding this research project is confidentiality. Adherence to this value involves protection of papers submitted for publication, personal records and other documents (Resnik, 2015). While designing this project, the researcher paid particular attention to the protection of participants' confidentiality. For this purpose, the project report does not mention any personal data or information that could disclose the participants' identity. All the data stored are accessible to the researcher only. After the expiration of a three-

year period from the completion of this project, the information will be destroyed.

Study Limitations

The researcher investigates the fact that the submitted project has limitations. One of the limitations to investigate is a small sample size. This limitation is attributed to a small amount of time allotted for the project. It is argued that the number of participants could be more, if the researcher had sufficient time to conduct a broad information campaign on the internet platforms. Meanwhile, a small number of participants may call into question the validity of generalizations made.

A limited number of themes identified is deemed another limitation of this study. The limited amount of themes is attributed to a small number of interviewees. Also, the researcher investigates the fact that some social cues received during the interview could be misinterpreted. Taking into consideration the significance of social cues for the interpretation of the interview data, the researcher recommends a follow-up recheck of the conclusions made (Opdenakker, 2006). Considerations for future research are presented in the next chapter of this project.

Chapter 5

Findings and Discussion

Analyzing the findings collected, it is concluded that all research objectives were achieved, and the project approached to answering whether the availability of cashless payment methods simplifies consumers' life or stimulates overconsumption. While presenting the obtained findings, this chapter sets itself three key aims. The first aim is to answer the research question based on the data collected. The second aim is to discuss the contribution that this research project makes to understanding the relationship between the availability of cashless payment methods and purchase behavior. The third aim is to identify existing gaps in knowledge and present considerations for future research.

Results

The online survey collected responses from 23 participants, the large proportion of whom were 20 to 30 years old (61%). The majority of the survey participants were electronic credit card holders. 69.5% of these participants had 1 to 2 electronic cards, while 17.4% of respondents had more than 2 cards. Taking the limited scope of the survey and a small number of participants, it was impossible to determine the relationship between belonging to a particular population group and an average number of electronic credit cards hold.

In addition to electronic credit cards, the surveyed respondents used other cashless payment methods. However, the popularity of e-wallets, UPI applications and other cashless payment methods among the respondents was lower when compared to the popularity of electronic credit cards. The comparison of obtained data emphasizes that 87% of the surveyed respondents had at least one electronic credit card. At the same time, the proportion of the respondents who used other cashless payment methods was 35%. However, the identified proportion is considered to be

sufficient to discuss the long-term perspectives of using e-wallets, UPI applications, online transfers and other cashless payment options.

The survey findings further demonstrate that the availability of cashless payment methods have an influence consumers' purchase decision to considerable (39%) or great extent (35%). Similarly, the availability of cashless payment methods shaped consumers' repeat purchase intention. While responding to this survey question, 39% of respondents pointed out to a considerable and another 39% indicated a great effect that the availability of cashless payment methods had on their repeat purchase decision.

The data retrieved from the survey are consistent with the data collected during the interviews. In their responses, the interviewees emphasized that cashless payment methods were integral part of their daily routine. This conclusion is based on such responses as "I have two electronic cards and use them on a regular basis", "I seldom make purchases using cash", or "Online banking has become an extremely convenient options." More responses illustrating the interviewees' attitude to the role of cashless payment options in their daily routine are submitted in Appendix 6 of this research project. These responses fit into *Cashless Economy* theme identified during the research.

Further summary of the study points out to the relationship between the availability of cashless payment options and purchase intention. The identified relationship is illustrated by the following responses: "Buying goods and services has become very convenient", "I prefer stores where non-cash payment is accepted", or "I like the idea of making a purchase at any time I want." These are similar responses were classified by their relevance to *Consumer Society* and *Cashless Economy and Purchase Behavior*. More responses illustrating the effect of the availability of cashless options on purchase behavior are found in Appendix 6 of the

project. Overall, the obtained responses confirm that consumers tend to demonstrate a positive attitude toward cashless payment methods.

Moreover, during the interviews, there were collected responses that point out to the relationship between cashless economy and a trend towards overconsumption. Some responses illustrating the relationship between the availability of cashless payment methods and overconsumption were as follows: "I do not see anything wrong in buying things that I like", "These days we can afford more than our parents and grandparents could years ago", "By purchasing goods, we stimulate national economies." These and similar responses were classified by their relevance to the *Cashless Economy and Overconsumption* theme. More responses that are relevant to this theme can be found in Appendix 6. It is further suggested to discuss the *Cashless Economy and Overconsumption* theme in its relation to the prospects of cashless economy.

During the interviews, the respondents provided many insightful responses into the prospects of cashless economy. The collected responses were classified based on their relevance to one of the two themes: *Challenges of Cashless Economy* and *Prospects of Cashless Economy*. Comparison across these themes allows stating that the respondents demonstrate an overall positive and optimistic attitude toward the prospects of cashless economy. Such attitude is evident in the following responses: "Without exaggeration, we are living in a cashless society", "I think cashless society will be more productive when compared to cash society", or "I do not need a cash to make a purchase." Noteworthy, the quantity of responses illustrating the negative attitude toward cashless economy is much smaller, when compared to the number of responses pointing out to the optimistic attitude toward the prospects of cashless economy. This conclusion is based on the comparison of the number and content of the responses found in the *Prospects of Cashless Economy* and *Challenges of Cashless Economy* themes. In addition, comparison across

the above themes makes it possible to conclude that consumers consider the emergence and rapid development of cashless society for granted.

Discussion

The obtained findings emphasize the unambiguous nature of cashless economy and availability of new payment modes. An indisputable advantage of cashless payment methods is that they stimulate the economy, which in turn increases consumers' purchasing power. (Oyewole, El-Maude, Abba, & Onuh, 2013; Tee & Ong, 2016). Moreover, cashless economy makes consumers' life easier in many respects. For instance, the availability of cashless payment methods allows making purchases, regardless of the time, distance and other factors that act as barriers in cash payments (Hunter, 2017; Park, 2013). Nowadays, many customers are just a click away from the item they like or the service they need, and an active internet connection is the only essential condition to make a purchase.

At the same time, the collected data make it possible concluding that the availability and convenience of cashless payment options can be tricky. A large portion of customers perceive cashless payments as something unreal, thus less valuable when compared to cash payments (Sultana & Kumar, 2015). The sense of unreality stimulates purchases by making consumers less critical of the proposed goods and services and their actual necessity. Taking into consideration the existing differences in consumers' perception of cash and cashless payment options, it is concluded that the availability of the latter intensifies overconsumption.

Pointing out to the above positive effects, it would be, obviously, incorrect to advocate for abandoning cashless payment methods to deter overconsumption. It is further hypothesized that a more correct approach would be to change public perception of cashless payment methods. In the changed public perception, the value of cashless payment methods should be equal to the value of cash payments. Evidently, the process of changing

public perception of cashless payment methods should incorporate advertising, consumer credit and other tools. However, it is now not clear how these tools should be integrated into awareness campaigns. The message of these campaigns also needs further clarification.

Considerations for Future Research

It is considered that the topic of new payment modes and transition to cashless economy is inexhaustible. The analysis of literature points out to the gaps in existing knowledge. Some of the identified gaps can be addressed in future research. The following list incorporates a number of questions to be answered in future research: (1) What are the prospects of economic development in the absence or limited availability of cashless payment modes? (2) Could the availability of new payment modes be used as a motivation tool in the practice of management? (3) Is it possible to strike a balance between the availability of cashless payment modes and reasonable consumption in modern society? (4) What methods and tools are deemed effective to promote reasonable consumption provided the availability of cashless payment methods? (5) What message should guide public awareness campaign advocating for reasonable consumption provided the availability of cashless payment methods?

Chapter 6

Conclusion

This research project examined a relationship between the availability of cashless payment options and purchase behavior. The survey of 23 respondents and face-to-face interviews with 5 participants confirmed that the availability of cashless payment methods, including electronic credit cards, online transactions and UPI applications, shaped people's intention to make a purchase or repeat purchase. Moreover, the large proportion of respondents suggested positive forecasts regarding the development of cashless economy and did not plan to abandon using credit cards or other modern options in the long run. Based on the interview responses, it was concluded that respondents' positive attitude to cashless payment options was attributed to high speed of transactions and their convenience. Furthermore, while respondents voiced some concerns regarding the safety of cashless payment options, they did not plan to reduce the frequency of their use.

Although the findings obtained from the survey and interview responses prove that cashless payment methods have become an integral part of modern life, they do not give an unambiguous assessment of the trend. From one side, there has been collected sufficient evidence that the use of cashless payment options simplify consumers' daily routine. From another side, there is compelling proof that the availability of cashless payment options stimulates consumption and overconsumption. Approaching the former argument, it should be admitted that the emergence of cashless payment methods has transformed industrialized societies dramatically. In the United States, the launch and widespread of general purpose credit cards preconditioned the aestheticisation of daily routine. Following Seligman's propaganda, Americans engaged into buying things that made their life more pleasant and convenient. The widespread of cashless payment methods transformed the notion of luxury

making people believe that they deserved everything they wished. Moreover, the widespread of cashless payment methods made the process of obtaining the desired things much more convenient. Owning credit cards, modern consumers do not need to engage in earning and saving before they can buy the thing they like. They do not have to waste their time on visiting shops and standing in queues. In their modern world, active internet connection is the only important condition for any purchase. The convenience of using cashless payment methods was confirmed in literature and during the interviews conducted. Many respondents stressed the fact that their purchase and repeat purchase intention was preconditioned by the availability of cashless payment methods. Thus, cashless economy is gaining momentum, and a large proportion of consumers demonstrate a positive attitude towards this trend.

At the same time, respondents did not shy away from the fact that the availability of cashless payment methods stimulated the purchase of things that were not necessary. This means that the availability of cashless payment methods engaged respondents in overconsumption. Investigating this fact, the respondents admitted that they did not see anything wrong in buying things that they liked, purchasing goods on credit, or possessing things that they actually did not need to stimulate the economy. Further analysis of the obtained responses allowed identifying the factors mediating the relationship between the availability of cashless payment methods and overconsumption. In addition to the above mentioned speed and convenience of cashless payment methods, the responses pointed out to the psychological reasons underlying the frequent use new payment modes. These reasons involved the use of cashless payment methods to satisfy different human needs, starting from the lowest psychological needs, for instance food and shelter, and ending with self-actualization needs, for example personal development. The idea of using cashless payment methods as an effective tool to satisfy different human needs is

consistent with the most established sociological and psychological theories, discussed in this research project. The validity of this statement was, for instance, confirmed in the context of Maslow's (1970) and Vroom's (1964) theories. In addition, the project presented compelling evidence that individuals become involved in overconsumption because they perceive cash and non-cash payment options in different ways. It was discovered that although cashless options have become as common as cash payments, a large proportion of consumers still perceived them as less real. For these consumers, cashless payments are a set of zeroes and ones that does not fully reflect the effort spent on earning and accumulating funds. Such perception engages consumers in spontaneous purchases and accumulation of things that they actually do not need.

Although the effect of cashless payment methods cannot be assessed unambiguously, it is necessary to keep in mind the fact that transition to non-cash economy is an irreversible process in both developed and developing countries. To reinforce the positive effect of this process, it is necessary to change the public attitude towards cashless payment methods. In the public consciousness, the value of cashless payment options should be equivalent to the value of cash payments. Understanding that cashless economy is a very real concept, rather than an abstract set of zeroes and ones will keep consumers from spontaneous purchases and commitment to possess goods that they actually cannot afford. It is recommended to reshape consumers' attitude towards cashless payment methods using the tools that previously applied to stimulate their purchase decision. The recommended methods are advertising and consumer credit. The latter apply to convince the public that although cashless payment options simplify the purchase process, people should be more critical of their desires to possess goods and services.

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Appendix 1

Survey Cover Letter

Date

Dear Participant:

My name is Aodren LE BRAS and I am a graduate student at Sup de Co LA ROCHELLE. For my final project, I am examining the impact of cashless payment options on purchasing behavior and overconsumption. Because you have been recommended as a candidate, I am inviting you to participate in this research project by completing the attached survey form.

The following questionnaire will require approximately 5 minutes complete. While consenting to participation, you should keep in mind that there is no compensation nor is there any known risk. Since the author of this project respects your right to privacy, you *do not* need to include your name in the survey form. Copies of the project will be provided to my instructor. If you choose to participate in the survey, please answer all questions by choosing the most appropriate variant and return the completed survey form promptly. Participation in this project is strictly voluntary and you may withdraw from it at any time and without explaining the reason. Please remember that your refusal to participate in the project will not entail any penalties.

Thank you for taking your time to assist me in my project. The data collected will provide useful information regarding the role of cashless payment methods in the construction of a consumer society. If you would like a summary copy of this research project please complete the Request for Information Form and return it to me via email. Completion and return of this survey form will indicate your consent to participate in this research project. If you require additional information or have questions about this study, please contact me using the information below.

If you are not satisfied with the manner in which this research project is being conducted, you may report your complaints to Emmanuel RENAUD (renaude@esc-larochelle.fr). Your feedback (anonymously if you choose) is welcome and appreciated.

Sincerely,

Aodren LE BRAS

514 582 3211 – aodrenlb@live.fr

Emmanuel RENAUD

renaude@esc-larochelle.fr

Request for Information

Please send a copy of the study results to the address listed below

Name: Aodren

Return to: lebrasa13@edu.esc-larochelle.fr

Please do not return this form with your survey.

Note: This consent form was adapted from Central Michigan University *Sample Survey Cover Letter*, retrieved from <https://www.cmich.edu/global/Forms/Sample-Survey-Cover-Letter.pdf>

Appendix 2

Sample Survey Form

Dear Participant:

This survey is designed to examine the effect of cashless payment methods on consumers' purchase intention. Please answer each question choosing only one of the suggested responses. Please answer as honestly as possible. Thank you for your time and cooperation.

1. How old are you?

a. <20 years

b. 20-30 years

3. >30 years

2. Do you have electronic cards issued by your bank (e.g. Master card, Verve card, or Visa card)?

a. Yes

b. No

c. Do not want/need it.

3. What is your occupation?

a. Blue collar worker.

b. White collar worker.

c. Other/unemployed.

4. How many electronic credit cards do you have?

a. <1

b. 2

c. >2

5. In addition to electronic cards, do you use any other cashless payment methods?

a. Yes

b. No

c. Do not need/want it.

6. What is your opinion about using cashless payment methods when compared to using cash?

a. Cashless payment methods are more convenient.

b. Cashless payment methods are less convenient.

c. Do not have a definite opinion on the convenience of cashless payment options.

7. To what extent does the use of cashless payment options influenced your purchase intention?

a. Great extent

b. Considerable extent

c. Low extent/does not influence.

8. To what extent does your experience in the use of cashless payment methods influence your repeat purchase?

a. Great extent

b. Considerable extent

c. Low extent/does not influence

9. What challenges do you face in the use of cashless payment options?

a. Poor connectivity

b. Inability to use terminal

c. E-fraud.

10. To what extent do the encountered challenges discourage your intention to make repeat purchase?

a. Great extent.

b. Considerable extent.

c. Low extent/do not discourage.

Thank you for your responses. Please send the completed form on lebrasa13@edu.esc-larochelle.fr

Feel free to request the copy of the study results.

Thank You

Appendix 3

Survey Data

Total number of participants – 23.

Table 1. How old are you?

| <20 | 20-30 | >30 |
|---------------|--------------|---------------|
| 2 (8.7%) | 14 (61%) | 7 (30%) |

Table 2. Do you have electronic cards issued by your bank (e.g. Master card, Verve card, or Visa card)?

| Yes | No | Do not want/need it |
|------------|-----------|----------------------------|
| 16 (69.5%) | 4 (17%) | 3 (13%) |

Table 3. What is your occupation?

| Blue collar worker | White collar worker | Other/unemployed |
|---------------------------|----------------------------|-------------------------|
| 13 (56.5%) | 6 (26%) | 4 (17.4%) |

Table 4. How many electronic credit cards do you have?

| <1 | 1-2 | >2 |
|--------------|------------|--------------|
| 3 (13%) | 16 (69.5%) | 4 (17.4%) |

Table 5. In addition to electronic cards, do you use any other cashless payment methods?

| Yes | No | Do not need/want it |
|------------|-----------|----------------------------|
| 8 (35%) | 12 (52%) | 3 (13%) |

Table 6. What is your opinion about using cashless payment methods when compared to using cash?

| Cashless methods are more convenient | Cashless methods are less convenient | Do not have a definite opinion |
|---|---|---------------------------------------|
| 14(61%) | 4(17.4%) | 5(22%) |

Table 7. To what extent does the use of cashless payment options influenced your purchase intention?

| Great extent | Considerable extent | Low extent/does not influence |
|---------------------|----------------------------|--------------------------------------|
| 8(35%) | 9(39%) | 6(26%) |

Table 8. To what extent does your experience in the use of cashless payment methods influence your repeat purchase?

| Great extent | Considerable extent | Low extent/does not influence |
|---------------------|----------------------------|--------------------------------------|
| 9(39%) | 9(39%) | 5(22%) |

Table 9. What challenges do you face in the use of cashless payment options?

| Poor connectivity | Inability to use terminal | E-fraud |
|--------------------------|----------------------------------|----------------|
| 7(30%) | 12(52%) | 4(17%) |

Table 10. To what extent do the encountered challenges discourage your intention to make repeat purchase?

| Great Extent | Considerable extent | Low extent/do not discourage |
|---------------------|----------------------------|-------------------------------------|
| 4(17%) | 8(35%) | 11(48%) |

Appendix 4

Interview Consent Form

I volunteer to participate in a research project conducted by Aodren LE BRAS from Sup de Co LA ROCHELLE university. I understand that this work is designed to gather information about the effect of cashless payment options on purchase behavior and their contribution to overconsumption. I will be one of 5 people interviewed for this research project.

1. My participation in the project is absolutely voluntary. I understand that I will not be paid for my participation. I have the right to withdraw from participation at any time and without explaining my reasons. My withdrawal from the project will not entail any penalties.

2. I understand that the interviewee is designed to make the discussion interesting and thought provoking. If I feel uncomfortable during the session, I have the right to decline to answer or end my participation.

3. Participation involves being interviewed by Aodren LE BRAS. The interview will last approximately 10 minutes. Notes will be taken during the interview. If I object my responses to be noted, I will not be able to participate in the project.

4. I was assured that the researcher will not identify me by name in any of the reports using information obtained from this interview. I understand that my confidentiality as a participant in this study will remain secure.

5. I have read and understand the explanation provided to me. The researcher has answered all my questions related to this project. My participation in this study is thus fully informed and absolutely voluntary.

6. I have been provided a copy of this consent.

My Signature

Date

My Printed Name

Signature of the Investigator

Note: This consent form was adapted from Stanford University *Consent for Participation in Interview Research* retrieved from https://web.stanford.edu/group/ncpi/unspecified/student_assess_toolkit/pdf/sampleinformedconsent.pdf

Appendix 5

Interview Questions

1. Please tell me your age and occupation.
2. Do you have any electronic credit cards, for example Master card, Visa card, or Verve card? If your answer is “yes”, how many credit cards do you have? Do you use all of the credit cards that you have?
3. In addition to electronic credit cards, do you use any other cashless payment methods, for instance e-wallets or gift cards?
4. How would you assess your experience of using cashless payment methods? In your opinion, what are the advantages and limitations of cashless payment options? Do the advantages outweigh the disadvantages or vice versa?
5. To what extent, and in what way, does the availability of cashless payment methods influence your purchase behavior?
6. Are you aware of the problem of overconsumption in modern society? How would you define it?
7. What is your attitude to overconsumption? Would you describe it as an extremely negative, absolutely positive or ambiguous phenomenon? Please justify your response.
8. In your opinion, do cashless payment options stimulate overconsumption? Please justify your response.
9. Do you agree that modern society is moving towards exclusively non-cash economy? Please justify/illustrate your response.
10. How would you assess the perspectives of cashless society? Please include consumption patterns in this perspective.

Thank you for your time and cooperation!

Appendix 6

Interview Themes

| # | Theme | Responses |
|---|--|--|
| 1 | Cashless economy | <p>"...I have 2 electronic credit cards and use them on a regular basis..."</p> <p>"...I seldom make purchases using cash..."</p> <p>"...Online banking has become an extremely convenient option..."</p> <p>"...I enjoy making online purchases..."</p> <p>"...Electronic payment options provide you with a great deal of freedom..."</p> <p>"...I do not know any person who does not have at least one credit card..."</p> |
| 2 | Consumer society | <p>"...Buying goods and services has become very convenient"</p> <p>"...Shopping is a great experience..."</p> <p>"...Buying new things is a source of joy..."</p> |
| 3 | Cashless economy and purchase behavior | <p>"...Cashless payment is very convenient..."</p> <p>"...I prefer stores where non-cash payment is accepted..."</p> <p>"...Positive experience with cashless payment options makes me use them again and again..."</p> <p>"...I like the idea of making a purchase at any time I want..."</p> |
| 4 | Cashless economy and overconsumption | <p>"...These days, we can afford more than our parents or grandparents could years ago..."</p> <p>"...By purchasing goods, we stimulate national economy..."</p> <p>"...I do not see anything wrong in buying things that I like..."</p> <p>"...I do not mind buying the thing I would like to have on credit or by installments..."</p> <p>"...I love to receive and give gift cards..."</p> |

| | | |
|---|--------------------------------|--|
| 5 | Challenges of cashless economy | <p>“...I try to avoid places where there is no terminal...”</p> <p>“...I hate situations where there is a terminal, but you cannot use it...”</p> <p>“...I have become a victim of credit card fraud...”</p> <p>“...A friend of mine has been a victim of e-fraud...”</p> <p>“...Poor connectivity is still an issue in some places...”</p> |
| 6 | Prospects of cashless economy | <p>“...Without exaggeration, we are living in a cashless society...”</p> <p>“...I do not see a need in using cash to make a purchase...”</p> <p>“...I think cashless society will be more productive when compared to cash society...”</p> <p>“...I think cashless society will stimulate economic growth...”</p> <p>“...These days, the focus is on those consumers who use cashless payment methods...”</p> <p>“...Cashless payment methods are associated with greater opportunities and prospects both in the short- and long-run”</p> |

Summary

Around 70% of all modern consumers use at least one cashless payment method (Shuh and Stavins, 2014). A wide prevalence of new payment modes makes experts consider switching to a completely cashless economy (CBC News, 2012; Smith & Anderson, 2016). However, there is no consensus on the effect of cashless economy on consumer society. An attempt to assess the effect was made in this research project. Relying on data retrieved from online survey (N=23) and face-to-face interviews (N=5), it was discovered that: (1) Cashless payment methods have become very popular with the public. 69% of respondents have at least 1 electronic credit card. In 17% of the reported cases, the use of electronic credit cards is accompanied by other cashless payment methods, for instance online transactions, e-wallets and gift cards. (2) In the majority of reported cases, the availability of cashless payment options influences purchase intention. In the investigated cases, the availability of cashless payment methods influences buying decision to a great (35%) or considerable (39%) extent. (3) Interview data are consistent with survey findings, and prove that availability of cashless payment options has a considerable to great impact on purchase intention. The interviewees mentioned the availability of cashless payment options as an argument in favour of making a purchase. (4) While the availability of cashless payment methods shapes purchase intention, it also leads to overconsumption. The interviewees attributed the determined relationship to the higher speed and convenience of cashless payment methods when compared to the use of cash. In this way, the project concludes that although new modes of payment make consumers' life easier and much pleasant, they also stimulate overconsumption.

Keywords: New payment modes, Cashless economy, Consumer society, Overconsumption, Purchase behavior.