How has the Adoption of Contactless Payment Affected UK Students’ Spending Habits?

A dissertation submitted in partial fulfilment of the requirements for the degree of Bachelor of Science (Honours) in Business Information Systems

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Declaration

I hereby declare that this dissertation entitled “How has the Adoption of Contactless Payment Affected Students’ Spending Habits” is entirely my own work, and has never been submitted nor is it being submitted for any other degree.

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Abstract

This research seeks to explore the current payment landscape in the UK, in a time of increasing usage of contactless payment. The aim is to gain an understanding of how using innovative payment instruments such as contactless cards or mobile payment affects consumer behaviour in students. Furthermore it investigates the rationale for such behaviour, and compares it with that of traditional payment methods such as cash.

This study uses a qualitative approach and focuses on UK students in Further Education. The results of semi-structured interviews were analysed by applying thematic content analysis to identify trends and recurring themes. These were compared with existing research, outlined in the Literature Review, and correlations or dissimilarities observed.

The use of contactless payment was found to have a significant effect on spending habits of students. Common themes were apparent from the data analysis, such as a reduced sense of guilt; and a sub-conscious accumulation of small, impulsive purchases when using contactless payment. This was predominantly attributed to the notion that making a contactless transaction does not always feel like ‘real money’, in the way that a cash payment does.
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Glossary

Biometric Fingerprint Authentication
Fingerprint authentication refers to the automated method of verifying the user’s human fingerprint as a form of identity. This is now integrated within some smartphones such as the iPhone.

Contactless Payment
A method of transaction for customers to purchase goods or services by tapping an enabled credit or debit card onto a compatible payment terminal at the point of sale.

Electronic Point of Sale (EPOS).
A computerised checkout system in stores that records sales by scanning bar codes, automatically updates the retailer's stock lists, and provides a printout of the customer's purchases

Mobile Proximity Payment (MPP).
A payment method, similar to a contactless payment, but whereby a customer uses a smartphone, instead of a card, to pay for goods or services, by positioning the device over a compatible terminal at the point of sale. The process is usually facilitated through services such as Apple Pay, Samsung Pay or Android Pay.

Near Field Communication (NFC).
A technology allowing the short-range wireless intercommunication of mobile phones and other electronic devices for purposes such as making payments.

Point of Sale (POS).
The place in the merchant's premises at which a retail transaction is carried out, e.g. checkout.

Radio Frequency Identification (RFID).
A method for tracking goods by means of tags which transmit a radio signal.
1.0 Introduction

1.1 Background

The making of payments is a frequent process for most adults in the UK, and is an embedded function in our daily lives (Runnemark, Hedman and Xiao, 2015). Unlike the simple economies of previous generations where cash was the predominant payment method, consumers today can choose from a variety of payment options.

The advent of electronic commerce in the 1990’s correlated with the rapid proliferation of plastic payment mechanisms in the form of credit and debit cards. These cards were designed to be used in conjunction with some additional reassurance about the identity of the payer. Originally, the payer's signature accompanied the payment, but later "chip and pin machines” were used to read information from a chip stored within the card, and the payer inputted a Personal Identification Number (PIN) into the machine. This system in theory offered greater security against fraud, to banks, who issued the cards, and to the consumers who used the cards.

By 2004 in the UK, the number of payments made by card had exceeded the number of payments made by cash (UK Cards Association, 2016). There had been a corresponding increase in fraudulent use of cards: it seems that criminals were often able to find ways to defeat the in-built security systems. In 2007 contactless cards were introduced, partly to relieve the card issuers from underwriting the compensation payments where these cards were used fraudulently, and partly to speed up the paying process at the POS, something greatly appreciated by merchants and consumers alike. Contactless cards were quickly, and perhaps surprisingly, readily adopted by consumers as the new technology offered a quick and convenient alternative to carrying heavy and inconvenient cash for low value transactions, or to remembering pin numbers.

The smartphone boom of the mid 2000’s acted as a catalyst for the design of new payment methods adapted to the era of digitisation (de Kerviler, Demoulin and Zidda, 2016). The widespread penetration of mobile telephony has also extended the integration of technology within the payment process, in the form of mobile proximity payment. Slade et al (2015) argue that the development of contactless payment, (whether by card or by smartphone) represents the most dramatic innovation and opportunity for financial service providers since the concept of online banking.
Payment research is a multi-disciplinary area that has been studied by scholars from information systems, economics, psychology and consumer research. One particular stream of relevant research is the study of how different payment methods can affect consumer behaviour. Previous studies have challenged traditional economic theory, by supporting the notion that the representation of money, (that is, the form that it takes, and how like or unlike to "money" it appears) and the payment instrument itself (cash or card or mobile etc.) can affect the willingness of the consumer to spend money (Hirschman, 1979; Prelec and Simester, 2001; Thomas et al., 2011; Soman, 2003). These studies contend moreover that the method of payment can have a significant influence on the volume and frequency of purchases made, and even the amount of money an individual may be prepared to pay for goods and services. More recent studies have placed specific emphasis on contactless payment (Runnemark, Hedman and Xiao, 2015; Trutsch, 2014) and findings indicated that consumers can be led to spend more as a result of a less physical payment format.

The purpose of this present research is to build on previous studies by looking in more detail at how and why contactless payment is affecting UK students, in terms of consumer behaviour. The rationale for focusing on UK students is twofold. Primarily, young adults (18-24 year old participants) possess a high level of technological competence (Pantano and Priporas, 2016), thus making them earlier adopters of innovations such as contactless payment. Secondly, the UK is one of the most ‘contactless ready’ countries in the world, making it an ideal location for study (Smart Payments Association, 2017).

Additionally, this study will also explore the phenomenon of a cashless society: this being an economic state whereby cash is completely removed from society, and all payment transactions are made by alternative means. The introduction of debit and credit cards was described by some economists as the first step towards “cashlessness” (Rosenberg, 2006). Figures from The UK Cards Association (2016) indicate that the widespread penetration of contactless cards and the growing popularity of mobile payment has accelerated the switch away from cash. Considering existing literature concerning the payment instrument and its effect on consumer behaviour, the researcher deems it imperative to explore the implications of a cashless society, from the perspective of UK students in Further Education.
1.2 Aims and Objectives
The aim of this research study is to explore the current payment landscape in the UK, and how different payment instruments can affect consumer behaviour. Specifically, how the development of contactless payment has been adopted by students of Further Education in the UK, and consequently how their spending habits may have changed. This aim is achieved by the following objectives:

1. To critically review the literature on recent payment innovations, consumer behaviour, technology adoption and related concepts.
2. To critically analyse the qualitative data collected from semi-structured interviews, and examine the effect of contactless payment on student spending habits.
3. To investigate the implications of a cashless society within the context of the UK student demographic.
1.3 Research Plan

A plan for the research project was devised in order to consider the different stages of the study and they relate to the sections of this document. The structure of the study is in the style of a traditional report whereby the stages follow a linear and logical order (Saunders, Lewis and Thornhill, 2016). Figure 1 demonstrates the different phases involved in the study.

![Figure 1 Research Plan]

This Introductory Chapter provides an outline of the report, with a background to the research area. A statement is made of the aim and objectives which provide the structure for the study.

Chapter Two will explore previous literature and studies concerning payment innovations and their effect on consumer behaviour. Conducting a literature review is an essential stage of most research projects and allows the author to demonstrate awareness of the current state of the subject area, its limitations and how it fits into the wider context (Gill and Johnson, 2002). In terms of structure, there are several themed sections that illustrate the development of payment research in recent years.

The methods used to complete this study will be discussed in Chapter Three. This will include a broader description of the methodological and philosophical approaches taken, and justifications for the specific techniques used for data collection and analysis. The purpose of this Chapter is to demonstrate the plan and strategy used by the researcher in order to achieve the study objectives. The concluding section will outline the ethical considerations of the study and consider how
effectively they were addressed.

The study results, analysis and discussion are integrated in Chapter Four, which Marshall and Rossman (2010) recommend for qualitative research. This will include a demonstration of the thematic coding process used for the primary data gathered from semi-structured interviews. Key patterns and recurring themes will be identified, illustrated by quotations and critically evaluated against existing literature.

The final chapter will conclude the research by reflecting on and evaluating the study. The aims and objectives will be revisited to ensure they have been met. Research limitations will be identified and the potential for further study will be explored.
2.0 Literature Review

“The provision of an efficient and cheap payment service is crucial to underpin the sound operation of the economy.” (Trutsch, 2014, 70-98)

2.1 Contactless Payment Technology

Contactless payment is a means of performing transactions for goods and services ‘contactlessly’, without the need for exchanging cash, writing a cheque or entering a PIN. It exists in many forms, most commonly as credit and debit cards, key fobs, smart cards and other similar devices that allow secure payment by near field communication (NFC). NFC evolved from a combination of radio-frequency identification (RFID) and other non-contact interconnection technologies. The relative simplicity of NFC combined with its compatibility with existing Bluetooth and Wi-Fi standards presents an advantageous solution for facilitating contactless transactions (Nagashree, Rao and Aswini, 2014).

NFC-enabled contactless cards were developed mainly for use in the private sector for revenue purposes (Trutsch, 2014). Issuers of contactless cards promote their adoption by declaring a variety of benefits for both consumers and merchants. From a consumer perspective, the technology allows for fast, easy and secure payments for purchases of £30 or below – thus, in theory, eradicating the need to carry cash (Smart Payments Association, 2017). The ‘tap and go’ nature of paying with a contactless card has increased convenience for consumers, when making everyday transactions such as transport tolls, parking facilities, food shopping and petrol stations. For retailers, accepting contactless payments brings many opportunities in terms of enhancing operational efficiency. Olsen (2009) argues that moving customers more quickly through the payment process allows for greater differentiation and customer satisfaction in highly competitive retail markets. In addition to reduced queues and waiting times, merchants can benefit from reduced cash handling costs, streamlined payment processes and increased customer spending (Pantano and Priporas, 2016).

Since its initial introduction in 2007, the UK has become one of the most ‘contactless ready’ countries in the world (Olsen, 2009). Usage and spending grew significantly in 2016. As of November 2016, the UK Cards Association reported a 183.5% increase in the amount of money
spent through contactless cards compared with the previous year. This can be partially attributed to a 26.7% per annum increase in the number of contactless cards issued and perhaps more significantly, a 44.5% per year increase in the number of bank-owned contactless-compatible terminals.

Despite the potential to add value to the consumer and merchant, NFC needs to overcome a range of barriers predefined by both macro and micro environment conditions (Markendahl, 2013). Wang (2008) concluded that perceived security risks in relation to card fraud were likely to be the most significant discriminator to widespread penetration. This viewpoint has since been frequently highlighted in mainstream UK media channels (Osborne and Hartley, 2017; Curtis, 2015) with demonstrations of the specific physical scam techniques used. Despite initial consumer concerns, Financial Fraud Action UK (2016) reported that fraud on contactless cards accounted for only 0.5 per cent of overall card fraud in 2015. The climbing usage figures not only suggest that fraud and security problems are being overcome, but that the majority of consumers are aware of the safety factors, and these are no longer of overriding concern to them. As customer acceptance continues to improve, the trade association, Payments UK, forecast that the value of contactless transactions will reach £9.5 billion by 2025 (Annicelli, 2017).

2.2 Mobile Payment

Previous studies define mobile payment as activities that use mobile technology to perform economic transactions (José Liébana-Cabanillas, Sánchez-Fernández and Muñoz-Leiva, 2014). The widespread penetration of mobile devices and their almost constant proximity to the user, combined with their technological capabilities make them suitable to facilitate a variety of payment scenarios (Slade et al, 2015). Payments made with mobile devices are seen as the follow up to contactless cards, and they provide another alternative to using cash at the POS (Mallat, 2007). Mobile payment can typically be classified into two categories: remote payment and proximity payment.

2.2.1 Remote Mobile Payment

Remote systems authorise and facilitate transactions via an internet connection for e-commerce (Slade, Williams and Dwivedi, 2013). The earliest form of mobile payment allowed users to call or send an SMS to a premium rate service to pay for goods and services, which resulted in a charge.
to the mobile phone bill or a deduction from any prepaid tariff (Mallat, 2007). Remote mobile payment is now firmly established in the e-commerce market, which allows individuals to make distinct payments that are often embedded in merchant websites or mobile applications (Fundinger, 2016). PayPal is the best-known example of a facility providing this service.

2.2.2 Mobile Proximity Payment (MPP)

This study will be exploring the use of proximity systems rather than remote. MPP differs to remote mobile payment in that both the payer and payee are in the same physical location when the payment takes place. These payments are typically performed with a smartphone, specifically facilitated through services such as Apple Pay and Android Pay. The underlying technology is similar to that of contactless cards, whereby the enabled mobile device communicates with the point of sale system (POS system) using encrypted NFC (De Reuver et al, 2015; Lee et al, 2015). The incorporation of a contactless credit or debit facility into an NFC-enabled smartphone has provided an alternative, innovative payment method for consumers in the UK (Cocosila and Trabelsi, 2016).

Although the UK launch of Apple Pay in July 2015 was described as the kick start to the increased use of mobile payments, Shepherd (2016) identifies the launch of Android Pay in June 2016 as the more influential development. He explains how Android’s greater compatibility across multiple device manufacturers will allow the payment service to reach more consumers than Apple. Android Pay is accessible to significantly more smartphone users than its counterpart, with 55% of UK smartphones running an Android OS in comparison to the 30% running Apple iOS (Mintel, 2016). As the number of NFC-enabled smartphones is growing and with the launch of new services such as Samsung Pay, it is likely 2017 could see a considerable growth period for mobile payment usage in the UK.

Jenkins (2016) discusses the significance of the increased use of contactless cards and its correlation to MPP uptake. Jenkins considers that the ever increasing use of contactless payment has had the effect of normalising digital payments for British consumers, thus leaving them more open to ever newer payment methods. A recent study by Visa (2016) validates this correlation, by revealing that those who have already been convinced of the benefits of contactless cards are even more likely to move to using the newer MPP on a mobile device for payment in a shop. 52% of
users of contactless cards declared their interest in using mobile payment in comparison to 32% of those who were not already users of contactless cards. This indicates that the consumer motivations to use mobile payment services such as Apple Pay and Android Pay are similar to those for contactless cards. Slade et al (2015) advise that it is critical for providers of such services to gain a deeper understanding of the drivers for consumer acceptance, in order to persuade consumers to overcome initial scepticism and any other barriers to adoption which they perceive in contactless technology.

2.3 Technology Adoption

The significant rise in both contactless and mobile payment adoption in 2016 can be attributed to a range of factors such as their perceived convenience, security and ease of use, as previously discussed. However, to fully understand the motives behind increased reliance on NFC payments, the researcher has deemed it imperative to apply the established theoretical models in relation to the diffusion of innovations and technology adoption.

Rogers (2003) states that “an innovation may have been invented a long time ago, but if individuals perceive it as new, then it may still be an innovation for them”. The theory of adoption can be defined as the micro process involved during an individual’s decision to adopt innovations. The five consecutive stages are knowledge, persuasion, decision, implementation and confirmation. Initial opinions are formed about the innovation during the persuasion stage. These are most often in relation to previous experience, problems and norms of the social system (Trutsch, 2014).

Rogers (2003) explains the six innovation characteristics that influence adoption: relative advantage, complexity, compatibility, trialability and observability. Both Mallet (2007) and Trutsch (2014) argue that the first three constructs, relative advantage, complexity and compatibility, provide the most accurate assessment of consumer intention to use contactless credit cards. In particular, Leong et al (2013) concludes that the low level of complexity attached to contactless payment has increased the convenience of making a transaction, thus indicating complexity, or rather the lack of it, to be the most influential determinant.

The Technology Adoption Model (TAM) is a framework used to predict user acceptance of information systems. The model is characterised by two main acceptance measures which are Perceived Usefulness and Perceived Ease of Use (Davis, 1989). Trutsch (2014) argues that enhanced efficiency, time savings and convenience are all elements of Perceived Usefulness, and
these are all features which are applicable to contactless payment. Perceived Ease of Use refers to “the degree to which a person believes that using a particular system would be free from effort”. Slade et al (2015) advise that although TAM has previously provided a reliable model for user technology adoption, it has limited applicability in the case of contactless payment as it is designed for use in an organisational context. Moreover, they remind that TAM was developed to explain employee acceptance of new systems in the workplace, rather than to understand individuals adopting new technologies in their own personal time. Subsequently, the Unified Theory of Adoption and Use of Technology 2 (UTAUT2) (Venkatesh, Thong and Xu, 2012) is proposed as a more rigid application for assessing technology acceptance in a consumer context, such as the case of contactless payment (Leong et al., 2013; Morosan and DeFranco, 2016). The four explanatory variables introduced in UTAUT2 were:

- Performance Expectancy
- Effort Expectancy
- Social Influence
- Perceived Risk

A recent study examining the adoption of contactless payment by applying UTAUT2 found Performance Expectancy and Perceived Risk to be the strongest influences on behavioural intention (Slade et al., 2015). Similarly in the case of mobile proximity payments, Performance Expectancy and Effort Expectancy were the most significant factors in terms of consumers’ expected gains and overall adoption (Oliveira et al., 2016). This indicates that although consumers are perceiving the ease and convenience as beneficial, security issues and fraud are still likely to be a strong inhibitor to adoption.

2.4 Student Spending Habits

University students have been frequently criticised for a lack of financial literacy and poor money management with several studies citing a lack of financial education (Neale, 2006; Supon, 2012). In particular, student debt in the UK has reached a considerable level of notoriety. This has been largely attributed to the introduction of the government-imposed student loan system and the increased availability of commercial credit during the 1990’s (Harrison et al., 2013). The financial education organisation Blackbullion found that nearly a third of university students blame “unexpected expenses” for a shortfall in personal finances. Furthermore Viv Friedgut, of
Blackbullion, warns that students in particular face considerable danger from debit cards, online payment and especially, contactless payments, in terms of overspending and incurring further debt (Bain, 2014).

In order to measure this danger, it is critical to assess the current level of contactless and mobile payment adoption within the target population. Although previous literature linking UK students specifically to contactless payment is sparse, a recent study by the Prepaid International Forum (2016) indicates that there is a clear correlation between mobile payment adoption and age. The research concluded that young people are the earliest adopters of mobile payment, as 49% of participants aged 18-24 said they had previously used the technology – either regularly or occasionally (Figure 2). This is in contrast to the 45-54 age group where only 21% claimed to have used mobile payment. The study, based on a nationally representative sample of 1000 UK adults, also indicated that young people are more likely to be open to mobile payment services offered by non-financial institutions. Brands such as Apple (34%) and Google (30%) showed the highest level of acceptance within the 18-24 age group when asked if they would trust the organisation to provide mobile payment services. Although this research provides useful insight about the target age group, it is limited by the fact it does not specify students as a demographic. However, the study did highlight that age was the only major factor in terms of mobile payment adoption.

Similar research by Vista Retail Support (2017) corroborates the notion that the UK students consider contactless technology as a preferred payment mode over cash, with 87% of respondents declaring a preference for cards payments over the more traditional cash option. In terms of factors influencing contactless adoption, speed and reduced queuing time (90%) was by far the most cited reason with ‘the eliminated need to carry cash’ (46%) also commonly stated. Despite the significant relevance to the study, its value is limited due to the unknown validity, and likely bias, as the findings serve as an effective sales argument for the organisation, who are providing electronic point of sale (EPOS) equipment.
In order to investigate the effect of contactless payment on student spending habits, it is crucial to understand the influence of the payment instrument on consumer behaviour and spending habits. The essence of consumer behaviour in relation to payment format is an area of much research, with many empirical studies. Since the advent of cashless payments, multiple studies have indicated that consumers are inclined to spend more on a product when using a credit card rather than cash or cheque (Feinberg, 1986; Hirschman, 1979; Prelec and Simester, 2001). The explanation for this is that payment modes differ in terms of transparency and salience in relation to parting with money. Prelec and Loewenstein (1998) discuss the concept of pain of paying whereby when consumers are paying for consumption, they experience an immediate pain when parting with money. The corollary of the pain of paying, they say, is that, as you part with money, you are reducing your wealth and therefore consequently sacrificing future consumption to some extent.

Soman’s (2003) payment transparency concept explored how different approaches to paying can affect a customer’s price perception, and that traditional payments such as cash are more physical, salient and therefore more transparent. He discusses how the process of physically handing over a...
material object has a fundamentally different psychological impact from paying with a card. The assumed impact in the case of paying by cash is that the tangibility of notes and coins creates either a conscious or unconscious awareness that something of value is being exchanged. A recent study (Runnemark, Hedman and Xiao, 2015) corroborates Soman’s transparency theory by finding consumers were more willing to pay more for identical products with debit cards than with cash. This was attributed to the representation of money, leading to salience of the physical form and the salience of the amount paid with card. Chatterjee and Rose (2012) explain that individuals experience a shorter memory process when making debit card transactions, which decouples the purchase from the pain of payment.

By applying the transparency concept, the researcher can make the assumption that both contactless cards and mobile proximity payments are less tangible and therefore less transparent than cash or traditional credit card payments (Falk et al., 2016): that customers using contactless payments experience a lower level of pain of payment, thus leading to overspending without direct negative feelings (Raghubir and Srivastava, 2008). Also, there is no process of selecting notes and coins, or of receiving change, making the amount of money paid out less easy to recall. Consequently, individuals will feel emotionally detached from the act of paying and less conscious of the outflow of their money (Thomas, Desai and Seenivasan, 2011).

In addition to the perceived benefits of contactless payment to both consumers and merchants, it is important to consider their potential detrimental effects on consumer spending habits (Bain, 2014). It is conceivable that human perception of spending will be permanently altered as UK customers continue to rely further on digital payment innovations such as contactless and mobile payment. Hooker (2016) warns that this increased reliance not only increases the risk of impulse spending, but also reduces consumers’ ability to rationally control spending as a whole.

2.6 Transition to a Cashless Society
Increased mobility and technological advances are inevitably changing the way people go about their daily lives, particularly in relation to purchasing products and services. As a result, many financial experts are predicting that the UK will become cashless by as early as 2030 (Collinson, 2016). A Cashless society is defined as an economic state whereby financial transactions will not be able to be conducted in the form of physical bank notes or coins, but rather through a combination of digital payments such as bank transfers, payment cards and alternative methods.
The Smart Payment Association (2017) claim that central banks around the world are looking to replace cash services and accelerate the transition towards a cashless society. Key drivers for the transition include inhibiting money laundering, eliminating tax evasion and even extending financial inclusion to underserved populations. Since the concept of a cashless society is a relatively new phenomenon, research in the area is fairly limited, and almost exclusively provided by the International Cashless Society Roundtable (ICSR). Carton and Hedman (2013) recommend that the promoting of migration to cashless payments in general should focus more on consumer behaviour issues, rather than technological issues.

Critics of a cashless society claim the potential benefits are frequently overstated for marketing purposes, and that the likely effects on society as a whole are often disregarded. Sajter (2013) warns that since all digital payments can be monitored and recorded, civil liberties could be diminished, by means of identity exposure and an evaporation of privacy. Furthermore, he also envisages that the constant supervision of individuals and digital trailing of them, could lead to a cycle of distrust between governments and citizens. Newman (2014) suggests that people should be concerned by the proposed enforced monitoring, particularly in light of high profile cases such as the NSA snooping scandal. He argues that Edward Snowden’s disclosures (which exposed surveillance by the US and other governments globally) demonstrate how the potential for abuse and total surveillance is no longer just hypothetical, but a realistic prospect in a cashless society. The ICSR (2013) also recognise that a consumer preference for the privacy and anonymity of cash payments could be the most significant obstacle for complete cash withdrawal.

In terms of consumer behaviour, French (2014) argues that mobile and in particular, contactless spending, could lead to an increase in impulsive or impulse spending, and that replacing cash entirely would cause an irreversible change in consumer habits, possibly to the detriment of society. There is a growing consensus that increased dependence on cashless payments could be driving us ever closer to a society maimed by severe over-consumption. Despite the desire to reduce the costly use of cash in society, several researchers suggest that using a physical payment makes it easier for consumers to control spending (Runnemark, Hedman and Xiao, 2015). This demonstrates another primary inhibitor in terms of consumer acceptance of a totally digitised, cashless economy.
3.0 Research Methodology

3.1 Research Design
The Research Onion (Figure 3) serves as a valuable model in terms of defining and clarifying the approach undertaken by the researcher. The layers of the onion allow the researcher to consider all the aspects of the study. In each layer is a range of options, or ways to conduct the study.

The data collection techniques are dealt with in the central core; and the philosophy and theory of approach are detailed in the outer two layers. In between are layers dealing with the strategies of the study; and the methodological choice.

Before the study can begin, choices need to be made in each layer. Defining a philosophy is the first choice to be made so that the researcher can interpret the epistemological, ontological and axiological assumptions made throughout the study, thus allowing a greater understanding of the research findings (Crotty, 2012). Upon evaluation of the different philosophies, the researcher must commit to a particular strategy in order to design a coherent research project (Johnson and Clark, 2006).

*Figure 3 The Research Onion*
3.2 Qualitative Research

It is important to discuss the rationale for choosing qualitative analysis, rather than quantitative analysis for the methodological approach of the study. The essence of qualitative research is that it furthers our understanding of the nature, strengths and actions of a phenomenon, and can typically involve investigating the reasons for human behaviour (Kothari, 2004). Qualitative research was chosen, as the aim is to discover underlying motives and desires, using semi-structured interviews. This approach is also more suitable when the study is of an exploratory nature and has the potential for further studies (Creswell, 2014).

The researcher will be using inductive reasoning when examining the relationship between the theory and the research findings. Bryman and Bell (2011) explain that the process should involve drawing general conclusions out of the observations. The inductive logic involved a comprehensive understanding of the research context in order to gain understanding of the nature of the contactless payment experience, for the student consumer. Another key characteristic of the inductive method is its flexibility, whereby the researcher can actively develop the research as it progresses (Saunders, Lewis and Thornhill, 2016).

After consideration, the deductive approach was not taken as it requires a known theory or phenomenon, which is then tested to form a new hypothesis (Beiske, 2007). Although the area of payment research is diverse with many streams, there is no definitive theory concerning the effects on consumer behaviour when using contactless payment. In contrast, the inductive approach complements the interpretative nature of this study as the findings do not have to be generalised.

3.3 Research Philosophy

Defining the philosophical standpoint is an important early stage of any study, as it determines how the research is approached. The research philosophy adopted was interpretivism, in which the aim is to grasp the subjective meaning of social action or human behaviour (Bryman and Bell, 2011). Interpretivism is a contrasting epistemology to positivism, in that interpretivism emphasises the belief that humans are different from physical phenomena: for example, the human animal displays behavioural and emotional characteristics which physical phenomena obviously do not; so that consequently social science research should differ from natural science research, rather than emulate it (Saunders, Lewis and Thornhill, 2016). By supporting the ontological assumption
that the nature of reality is socially constructed, the researcher is able to understand concepts by interpretation (Tadajewski, 2006). Rather than testing, proving or predicting assumptions, the interpretivist approach merely contributes to the process of building theory (Pantano and Priporas, 2016; Harrison and Reilly, 2011). Interpretivism is suited to qualitative studies with small samples, and in-depth investigations – such as the present research.

3.4 Semi Structured Interviews

Interviews are considered a powerful tool for constructing knowledge and gathering information, particularly for studies in regard to human condition or behaviour (Kvale, 2007). The method can be varied in technique from highly formalised and structured, to informal and unstructured. Interviews can typically be categorised as one of the following:

- Structured interviews
- Semi-structured interviews
- In-depth interviews

(Saunders, Lewis and Thornhill, 2016).

The researcher used semi-structured interviews as the sole data collection method as it allows for a relaxed environment, but still retains a level of consistency. Semi-structured interviews follow a format whereby all participants are asked the same questions, making it possible to draw comparisons. However, the interviews can also unfold in a conversational manner that allows the participant to explore issues they feel are important (Longhurst, 2003). One such adaptation is to omit certain questions as a result of the conversational flow or to ask additional follow-up questions to gain a more in-depth response. This type of interviewing retains some level of predetermined order but still ensures flexibility in the way issues are covered by the informant (Dunn, 2005). In addition, semi-structured interviews reduce the “distance” between interviewer and interviewee (Johns and Lee-Ross, 2000). Interviewing participants one-to-one is preferable to focus groups in this instance, as individuals may feel more comfortable discussing personal experiences with just one person, rather than in a group environment. Stokes & Bergin (2006) suggest that researchers should consider it more often since it provides more qualitative information, more depth, more representation, more efficiency, and hence more value.

However, there are a number of drawbacks to the semi-structured interview. The interview process
can be time consuming for both researcher and participant (Burton, Brundrett and Jones, 2008). The transcription, analysis, interpretation and presentation required can take considerably longer than other methods which can detract from the success of the study (Gillham, 2005). The researcher must also consider the possibility of unreliability or dishonesty of some participants. For example, Interviewees may provide responses that are consistent with a particular trend, in an attempt to show themselves in a positive light (Kumar, 2014). The researcher must also consider that the interviewee may be trying to provide data that is consistent with the trends already shown in other interviews.

3.4.1 Interview Design

Data was collected through an open-ended interview guide which was derived from existing literature (Koch, 2017; Soman, 2003; Thomas, Desai and Seenivasan, 2011) and designed to explore how participants’ have adopted contactless payment, and how their spending habits have been affected. Five open-ended questions were prepared for the interviews, each with a single, or multiple, probing or follow up question that could be asked to gain further information. Open ended questions allow the participant to give their opinion, and answer questions in as much detail as they feel necessary.

The interview was designed based on Gillham’s (2005) recommendations (the full Interview Guide is given in Appendix D):

- After some initial questions were drafted, the first stage was to identify any that were similar, thus removing any redundancy.
- The next stage involved grouping the questions into related topics, with the aim of gathering more data from fewer questions.
- The final phase was to identify the narrative sequence, ordering the questions so that they led into the next topic. For example, the final question asks students about their opinion of the ‘Cashless Society’ scenario. The interviewees are well positioned to provide a more considered answer at this stage as they have already observed their spending habits with contactless payment, and discussed the effects on their consumer behaviour.

The interviews began with a brief introduction as recommended by Oppenheim (1992), to put the
participant at ease before the questions begin. Oppenheim also reiterates the importance of maintaining the conversational flow without introducing any bias. Altering or mis-transcribing facts, careless prompting, asking 'leading questions' which were only capable of being answered to support the expected findings, and asking questions out of sequence were all identified as the main potential causes of bias that the researcher endeavoured to avoid throughout the study.

The interviews took place between February 27th and 5th March, and took on average ten minutes to complete. All interviews were conducted via the web-based Skype platform. This particular mode of interview allows both the researcher and participant to remain in their own familiar and safe locations, thus limiting any possible distractions or social pressures (Saunders, Lewis and Thornhill, 2016). Additionally, the use of Skype meant the researcher could conduct interviews remotely, allowing participants to be sourced from multiple universities around the UK. This allows more reliability in the data, since it is not solely relevant in only one environment. However there are risks associated with video interviews, commonly technological issues such as slow internet connection and poor audio quality. The interviewer followed a paper-based interview guide and recorded all interviews. Recording is clearly preferable to taking notes: taking good quality notes is difficult and time consuming, and potentially distracting; and can detract from the rapport between interviewer and interviewee (Cohen and Crabtree, 2006). All semi-structured interviews in this study were transcribed for later analysis.

3.4.2 Sampling

Although sampling plays a part in qualitative research, it is not used in the same way as in quantitative research, where the study results are generalised from the sample population. In contrast, the aim of the interview in quantitative research is to understand the phenomena to the greatest degree possible.

For this reason, non-probability, self-selection or purposeful sampling was selected as the most appropriate technique for the study (Lee, 2000). Flick (2009) argues that the sample should be selected according to how the participants relate to the study, and not in terms of representing the population. For qualitative research, it is recommended to intentionally select participants who are in a good position to provide insights, due to their experience (Creswell, 2014). For this study therefore, participants were purposefully chosen on the basis that they were within the age range
of 18-24, and students in Further Education.

In terms of size, qualitative research often involves a relatively small sample that will deliver sufficient, in-depth information, within the relevant context (Teddle and Tashakkori, 2008). A suggested sample size range for semi-structured interviews is between five and twenty-five. However, due to budget and time constraints of the research, the lower end of the range is more feasible. Nine interviews were conducted as part of the study. The researcher continued to collect qualitative data until data saturation was reached (Saunders, Lewis and Thornhill, 2016): in other words, this was the stage when any further data collected provided little, if any new insights. Six male and three female students were interviewed, although gender bias was not considered a cause for concern.

3.5 Data Analysis
For qualitative research, Marshall and Rossman (2010) recommend that both data results and analysis should be integrated, in order to best understand and interpret the findings. Thematic analysis was used as the method for analysis of the data gathered from the interviews. This method has been lauded as the foundational method for qualitative analysis (Braun and Clarke, 2006); and the purpose is to search for themes and patterns that occur across a data set (Saunders, Lewis and Thornhill, 2016).

Computer-assisted qualitative data analysis software (CAQDAS) is not used to analyse data, but rather to support the analysis process, over which the researcher must retain control (Zamawe, 2015). The researcher opted to use NVivo 11 as the chosen CAQDAS to facilitate the thematic analysis. The rationale for selecting CAQDAS over manual analysis was twofold. Firstly, the software can make the coding and retrieval process faster and more efficient (Bryman and Bell, 2015). Secondly, NVivo invites the analysts to think about codes that are developed in ‘trees’ of interrelated ideas. The use of nodes, cases and other intuitive features allow the analyst to consider possible connections between codes (Silver and Lewins, 2007).

A thematic content analysis was applied during the coding process to analyse the responses. The initial process involved reading the transcripts several times and writing down key themes, in order become familiar with the data (QSR International, 2017). Similar sentences and phrases were then grouped and categorised using the nodes functionality in NVivo. This allowed similar answers, on a specific theme, to be combined in one folder. The second stage involved ‘axial coding’ (Miles,
Huberman and Saldaña, 2013) whereby the researcher grouped emerging and re-occurring codes into parent nodes, thus narrowing the context of the analysis.

3.6 Reliability
Lincoln and Guba (1994) stated that reliability of qualitative research should be judged by its ‘trustworthiness’. In order for a study to be reliable, it must incorporate credibility, transferability, validity, dependability and conceivability. Throughout the primary research, a strict protocol was followed to ensure consistency throughout the study. The interview guide remained the same for each participant, as did the interviewer and the communication method. Upon completion of the interview transcription, a copy of the interview was sent to the participant to ensure what was written was an accurate representation of what was said (Jones, Hanton, & Connaughton, 2010).

3.7 Ethics
The study was subject to the Cardiff Metropolitan University ethics process. Adhering to this was a compulsory requirement and ensured appropriate standards were upheld. Qualitative research methods such as semi-structured interviews can naturally lead to some ethical considerations, especially when subject areas may be sensitive or questions construed as intrusive (Holloway, 1997). All interviewees were given a Participant Information Sheet and Consent Form that gave them an understanding of the study before any questions were asked. Both verbal and written consent was required from all participants.

Anonymity was another fundamental ethical consideration for the primary research. The researcher explained to participants that anything they said or did would be kept confidential. Any identifying information was removed from the interview transcription and the recordings were deleted once the transcriptions had been completed (Corbin, 2015).
4.0 Analysis and Discussion

4.1 Introduction

From the nine interview transcripts, 31 codes were initially generated using NVivo open coding (Appendix E). The researcher was able to list the codes in order of frequency. From here, the codes were categorised into five distinctive sub headings, as evident in Figure 4: these were:

1. Payment Observations,
2. MPP Adoption,
3. Inhibitors to Contactless Adoption,
4. Student Debt Contributors; and
5. Implications of a Cashless Society.

4.2 Initial Observations

Recent studies by the Prepaid International Forum (2016) and Vista Retail Support (2017) provided some evidence that young people, and students in particular, have a preference for
contactless payment, and are often the earliest adopters of similar innovations such as mobile proximity payment. Although both of these studies were limited in value, it was apparent throughout the transcripts of this researcher’s study that contactless cards are a preferred payment instrument for the majority of students. One rationale for why contactless payments are growing in popularity is that consumers now carry less cash, and are often reluctant to incur the cost, time and effort of going to an ATM (Runnemark, Hedman and Xiao, 2015). As evident below, this was a recurring theme from the interviews, in which students admit to rarely carrying significant amounts of cash:

P1: “I don’t carry cash around with me very often anyway. Like I rarely have any cash in my purse, literally like 50p or £1.”

P3: “I don’t really like to have cash on me because if I do I just spend it on useless rubbish.”

All of the students interviewed were users of contactless cards, and the majority considered themselves to be frequent users making daily payments. This revelation was not unexpected, considering the technical competence of young people and the widespread penetration of contactless cards. When asked if they agree with the statement “Contactless payment is described as a fast, easy and secure way of paying”, all participants agreed either partially or entirely. This demonstrates students’ preference for contactless payment, and explains why it has been adopted so widely.

4.3 Payment Tangibility

The work of Soman (2003) expressed how different payment forms can have varying psychological effects on a consumer when completing a transaction. Prior literature (Prelec and Simester, 2001) had also found that more physical, tangible payment types such as cash create a greater awareness or ‘guilt’ of spending rather than the less tangible credit card payment (which in 2001 before contactless payments were developed was the only alternative to cash or cheque). In this present study, it is evident how the use of contactless cards can often reduce, or even remove the sense of guilt attached to spending money, and even induces a sense that the contactless payment does not seem like spending ‘real money’. The following extracts from the interview transcripts outline students’ own observations of their experiences using contactless payment:

P1: “You don’t even think about it, you just kind of pay. You forget that you’re actually
taking money out of your account”

P2: “If you’re spending contactless you don’t really think, like it’s just so easy to just do it. Like you don’t really think of the consequences of it, and because it’s such low value you don’t really think.”

Multiple participants attributed their lesser awareness of the spending process to the lack of a physical monetary transaction, and to the speed and ease of the contactless payment process:

P7: “A contactless card because it doesn’t necessarily feel like real money. You just tap away, there’s no tangible coins. Because it’s so quick and it’s over so quickly it doesn’t feel like real money.”

P8: “There’s no human interaction, you just tap it and go, there’s no physical monetary transaction. So obviously in my eyes I feel I am less aware of the money I have spent in a shop”

These observations are in contrast to the experiences that participants had when paying with cash. Corroborating Soman’s transparency concept (see 2.5 above), the following extracts demonstrate the higher level of guilt or conscious awareness experienced:

P8: “When most of my transactions were cash, you feel more price conscious in a shop.”

P5: “Whereas if you’re paying £30-40 by cash it definitely feels more guilty than using the card [contactless].”

P7: “If I had £9000 a year in a suitcase and someone gave it to me, it would be a lot harder to spend.”

However, participants were able to differentiate between contactless card payments and regular ‘Chip and PIN’ credit/debit card payments. The findings of this study indicate that the removal of the PIN authentication stage, not only makes the process quicker, but also less tangible and transparent. The following quotes demonstrate this theory and suggest a higher level of guilt attached to the Chip and Pin method:

P4: “Whereas on your card if you put your PIN in, then you are prepared to pay by card and it’s less impulse in a way”. 
P6: “When it goes on your card it’s slightly less tangible however you do see the amount of money while you’re typing it in and there is that hesitation where you’re like [inaudible noise]. I mean I’d probably still go through with the payment but I’d feel worse about it”.

4.4 Effect of Contactless Adoption on Spending

A recent study in Denmark (Runnemark, Hedman and Xiao, 2015) illustrated how consumers can be increasingly willing to pay more for an identical set of products with a debit card than with cash. As discussed previously, participants regularly describe contactless payments as ‘not real money’ and refer to a reduced awareness when making electronic transactions generally. Prelec and Lowenstein (1998) discuss the concept of pain of payment (see 2.5 above) which has been put forward as the theoretical reason for why spending may be higher with different payment instruments than with cash. The following extracts illustrate participants’ observations, in relation to increased spending with contactless payments:

P1: “I feel like I spend a lot more money like sub-consciously umm on my contactless card because I just do it so easily and without even thinking.”

P7: “The reason I use contactless with the credit card is because yes, I feel less bad. If I was putting my chip and PIN into the machine, there’s a good ten seconds of guilt there where I feel like ‘I shouldn’t be doing this’ but when it’s contactless it’s just bang and its over.”

P6 “As a statistical average I end up spending more because I can wave my card or phone at things and think it separates the kind of conscious link to it which will probably make me spend more money in the end.”

The notion of contactless payments increasing spending was not totally unexpected, but an interesting pattern emerged from participants when describing their contactless spending behaviour. Students’ frequently referred to payments “adding up”, often suggesting a lack of control when using contactless payment:

P1: “Especially when you can do it like £3, £5 and all those little ones add up.”

P3: “It continuously grows and grows. It’s a lot easier to spend £3 here, £3 there”.

P9: “My contactless I am less aware of what I am spending just because it’s like £10, £20 here and there, isn’t it. It all adds up.”
This was an overwhelming theme throughout the research. The previous extracts almost exactly corroborate Hooker’s (2016) argument that using contactless payment can lead to a habit of impulsive spending and reduce an individual’s ability to rationally control spending. These findings also corroborate Soman’s (2001) argument that the payment mechanism can influence spending behaviour in terms of how the transaction process is remembered, and how that in turn impacts on future purchases (see 2.5 above). The observations from students indicate that contactless payments do not stay long in the memory, and subsequently they accumulate almost subconsciously without the individual taking stock of the situation. This again highlights the danger of persistent contactless payment usage, if students are unaware of the amount of money they are spending.

4.5 Mobile Proximity Payment (MPP) Adoption

The adoption of mobile proximity payment in relation to established technology adoption models has been explored by a number of scholars (Slade et al., 2015; Venkatesh, Thong and Xu, 2012): however this section will discuss the adoption of mobile payment apps and the factors that influence adoption, within the UK student context.

The most recent extension of UTAUT2 (see 2.3 above) with regard to mobile payment adoption (Oliveira et al., 2016) found performance expectancy and effort expectancy to be the two most influential determinants. The student interviews reinforced the importance of performance expectancy, with risk or experience of functionality issues also an apparent concern for several participants:

P4: “The risk of it failing and it being embarrassing would be the main one.”

P6: “However sometimes it doesn’t always work, like sometimes it says it works, I’ve tried to use it but I’ve had to whip my card out.”

P1: “Maybe the worry that it might not go through properly.”

Effort expectancy was rarely touched upon by participants: however one student did suggest it could be ‘easier’ than alternative options:

P6: “I do use it, partly to look really cool and use my phone but also because it’s slightly easier.”
Participant nine was a user of mobile proximity payment but stated that they had issues in relation to both performance expectancy and effort expectancy. It is apparent that a predominant concern among participants is the fear or expectation that the transaction will fail, or there will be some other form of technical error:

P9: “Most of the time it doesn’t work, sometimes you have to scan it like four times and then it doesn’t work and it buzzes at you. It is a lot of trouble to set up as well.”

This again highlighted potential performance issues as a key reason why students would not use mobile payment services. Perceived risk, security and trust have also been highlighted as important adoption factors of mobile proximity payment (Morini, Talamo and Dimitri, 2015). In addition, a similar UK based study by Slade et al (2015) strengthens this notion by citing perceived risk to be the most influential determinant when measured against the most recent extension of UTAUT2. In this study, mixed responses were received in terms of the perceived risk of using mobile proximity payment. The following extract demonstrates one participant’s concern regarding security issues:

P3: “I think security issues of mobile payment because you could lose your phone and I’m sure people could find a way to use that information somehow and then obviously use it to take all your money out your bank.”

On the whole, participants seemed far less concerned with fraud and security in mobile proximity payments, in comparison with contactless cards. Several participants even recognised the potential benefits of some mobile proximity payment, as it is facilitated, at least in Apple Pay, by biometric fingerprint authentication, where the smartphone cannot be used without the owner’s fingerprint being verified by the smartphone.

P8 “I think it’s even more secure than a debit card that’s contactless because it needs my fingerprint at the times of the transaction so it makes it safer than a regular contactless card.”

P2 “It’s secure because obviously it uses your own thumbprint so even though you’re not using a pin, it still has that security, that encryption factor to it.”

The participants in the study were a mixture of users and non-users of mobile proximity payment. It was very apparent that although payment services such as Apple Pay may be growing in popularity, they have not reached the same level of widespread adoption that contactless cards
have. Several students suggested that as the advantage gained by using MPP was similar to that of contactless, there was no need to use both methods.

4.6 Student Debt Contributors

UK students were selected as the target demographic of the research due to the technical competence of young people, and also because students’ have a potential vulnerability in terms of overspending. Previous studies have found university students often suffer from a lack of financial education (Neale, 2006; Supon 2012) which can lead to overconsumption and problems with debt. Harrison et al (2013) attributes the proliferation of commercial credit during the 1990’s as a key factor for rising student debt in the UK. When questioned about student debt, participants frequently referred to credit facilities such as student overdrafts, credit cards and loans as primary reasons why students incur unwanted debt.

P2: “A lot of people aren’t very educated about it and therefore have masses of debts and overdrafts that they can’t manage.”

P5: “If they are getting a student loan and it’s not their money, because you still have to pay that back. I think quite a lot of students get that money and just frivol [sic] it away on random expenses.”

P9: “You kind of just get the loan when you are young and then don’t really think about having to pay it back.”

These statements illustrate some of the concerns students have about student loans and other credit facilities. It was evident from the interviews that overspending, incurring debt and associated financial issues are common worries for students in the UK. Participant three summed up the problem with the following statement:

P3:”People just aren’t really conscious with their money anymore in my personal experience anyway. If you see something, you just want it and go and buy it without thinking of the repercussions of what that means.”

Such extracts and others from the interviews illustrate very well Supon’s (2012) argument in 2.4, by indicating that many students are not financially responsible, possibly as a lack of education. Considering this and the findings of the present study, it would not be unreasonable to suggest
that students are particularly vulnerable to any financial product, service or payment instrument that may consciously or subconsciously encourage spending. This notion was previously stated by Bain (2014) who highlighted the potential danger that students face from contactless payment, in terms of overspending.

4.7 Implications of a Cashless Society

The proliferation of contactless and mobile payment has led to many predictions that cash may die out, in favour of digital transactions (Hedman, 2012; Markendahl, 2013). As the concept of a cashless society is a fairly recent phenomenon, there are very few studies concerning the potential effects, particularly in terms of consumer behaviour. Several obstacles to the complete withdrawal of cash have been identified by the ICSR and scholars alike (see 2.6 above), mainly relating to the idea of constant digital monitoring by banks and merchants, and possibly other less savoury bodies, and the consequent loss of anonymity when paying. However, in contrast to the findings of Sajter (2013), most student participants did not appear at all concerned or aware of the possible issue of total surveillance by means of a personal digital trail.

The following extracts highlight the students’ view that they would not be unduly affected by a cashless society:

P2: “Realistically it wouldn’t have that much of an adverse effect on that many people because you don’t actually get paid in cash, your student loan or wages or whatever they come in like umm into your bank account”

P3: “I don’t really think it would affect me that much because I’m the type of consumer that likes to pay on card anyway”.

P7 “As a young person I’m sure I would be able to adapt, I don’t think it would really change my life and I would get used to it.

None of the nine participants raised a concern around the idea of authorities monitoring cashless payments, which has previously been highlighted as a key challenge of the cashless society (Newman, 2014; Sajter, 2013). Several students opposed this view entirely, and suggested positive effects of the complete digitisation of payments. The use of big data for marketers and the reduction of money laundering were example benefits observed by students:
P6: “I think it’s also good for banks and there is a lot of big data in it that we can understand buyer behaviour.”

P6: “Getting rid of cash obviously helps with sort of the shadow economy of people you know, doing cashless things, money laundering, whatever. I think that everything going cashless would probably help a lot of financial issues”

However, there were some concerns apparent from the analysis regarding a cashless society. As the following extracts demonstrate, some participants highlighted the potential logistical issues that may arise, and discussed situations where it is preferable, or in some cases, essential to pay with cash.

P2: “Personally I think umm I frequent some industries where it is better to use cash in [Laughter]. So I think umm there are situations where it is difficult to not use cash due to umm there being charges on your card and perhaps umm statements that you don’t really want any proof of on your card”.

P9: “There’s quite a lot of things I have to pay for in cash like singing lessons and all stuff to do with that so if it was like credit card, I wouldn’t be allowed. Some people if you don’t know them that well don’t really want them having your bank details”.

This echoes the view of several academics, who argue that there will continue to be a requirement for at least some cash transactions for the foreseeable future.

The final question of the interview asked students to consider how their spending habits may be affected, if cash was withdrawn entirely in the UK. The responses to this question were mixed, with some students not foreseeing any significant knock-on effect, and some identifying the potential detrimental impact on spending. As illustrated below, several students suggested the removal of the most physical payment instrument (cash), could lead to an increase in spending.

P5: “I think like having contactless on everything and not exchanging any like physical element would perhaps diminish that in a way”.

P8: “The more integrated contactless payment and things like that get, I think the problem will worsen. There’s no transaction whatsoever. That completely eliminates any form of physical payment, it’s just walking in and out. If stuff like that takes off I think it will be a
huge contributor to taking away that physical aspect of payment which I think is a big factor in student debt”.

P4: “I think spending in general, you can kind of look at it either way, it could increase because people would have more money on them at all times.”

Despite these admissions by some students, that a cashless society may have detrimental effects on spending habits, it was surprising that similar concerns did not occur more. Considering that the overwhelming majority of participants recognised that contactless payments can lead to increased spending, the researcher was expecting more students to express some concern or to identify the danger of reduced spending control.
5.0 Study Evaluation and Conclusion

This study sought to explore how the adoption of contactless payment cards has affected student spending habits. The aims of this study are set out in 1.2 above. The researcher believes that the three objectives have been achieved.

Firstly, the conceptual framework used by this study was developed by conducting a critical literature review. Secondary research was utilised to define and consider recent payment innovations, such as contactless cards and mobile payment, and to explain how they have been integrated into the economy.

The researcher then examined how these newer payment instruments have been adopted in the UK, in relation to technology adoption theory. Previous literature of (Mallat, 2007; Slade et al., 2015; Venkatesh, Thong and Xu, 2012) provided insight into the predominant factors that influence an individual’s acceptance of a particular technology or system within a consumer context. The review then addressed the highly relevant research stream of consumer behaviour, in relation to payment instruments. The literature of Soman (2003), Prelec and Loewenstein (1998) and others provided insight into how the payment instrument can have a significant influence on consumer behaviour and spending habits. In particular how using different payment methods can have varying psychological effects in terms of how long an individual remembers the payment, the pain or guilt attached to the payment, and a general awareness of the process taking place. This theoretical framework was used to present and interpret the data from the semi-structured interviews of this study.

The second objective was to examine how contactless payment adoption has affected spending habits, through semi-structured interviews with students. This was accomplished by initially producing an interview guide derived from secondary research. Next, thematic content analysis was conducted by using NVivo 11 to identify and highlight recurring themes and patterns. The most clearly and frequently demonstrated theme throughout the analysis was that contactless payments don’t feel ‘like real money’. Another common observation was that when using contactless payment, small transactions can quickly accumulate almost sub-consciously, with a lesser sense of guilt to using cash. These findings were mainly consistent with the literature findings. In this study, student participants observed an increase in their spending when using contactless cards and mobile proximity payment.
Lastly, the third objective was to investigate the implications of a cashless society, within the context of the UK student demographic. This was achieved by a combination of literature research and analysing the primary data gathered from the interviews. The proposed arguments for and against the prospective withdrawal of cash were reviewed. The majority of the literature focussed on the technological impact of such a scenario, rather than that of a consumer focus. In contrast to the views of some academics, the findings from this study indicated that students were not significantly sceptical about the idea of a cashless society, and did not raise any concerns regarding any loss of anonymity within the payment process. However, several students were of the opinion that there will always be the need for cash in certain situations, where it is inappropriate or unfeasible to pay by alternative means. The main outcome of this third objective of the study was that consumer acceptance of a cashless society is a particularly nascent area of research. This has suggested several opportunities for the future to extend and develop the study as discussed in 5.2.

5.1 Limitations
The research is affected by several limitations. The study identifies patterns in the student demographic which indicates similarities with previous studies, in relation to the significance of the payment instrument when examining consumer behaviour. However, no attempt has been made to make an explicit correlation between the different payment instruments, and the value and frequency of transactions that may occur. Furthermore that data gathered was based on students’ opinions and their own assessment of their consumer experience, rather than any data gathered from real life observations, or in a controlled environment. In this instance, the findings may not objectively show how their spending habits are affected in different scenarios.

Given the constraints of the study in terms of time and finance, the sample was relatively small, even for qualitative research. The findings are derived from a small number of students and universities and therefore may not correspond to students of other institutions. By using a larger sample, possibly with a stratified random sampling technique, the study would have been able to make more representative generalisations about students in the UK. With a stratified random sample, a researcher could deliberately recruit a certain number of participants from a wide selection of universities or from specific courses of study, or from different financial circumstances. Although the approach taken by this research was acceptable for its exploratory nature, non-random sampling techniques are associated with less generalisability.
5.2 Implications and Future Research

The findings from the study offer insight into the spending habits of students of Further Education, in the UK. The conclusions from this research should encourage students to consider the importance of the payment instrument when budgeting, and to consciously attempt to control their spending. By being aware of how the payment process can influence the amount of money an individual spends, students can make informed decisions about the payment instruments they choose to use. For example, they may decide to only use cash for retail purchases, which was found to be harder to spend in comparison to contactless card payments. This would theoretically, give the student a greater conscious awareness of how much money they are spending over a specific timeframe, and consequently reduce the risk of overconsumption or incurring unforeseen financial debt.

This research suggests that students are likely to be less aware of the money they are spending when using contactless payments. In particular, small, convenience purchases can become more impulsive, thus possibly leading to increased overall expenditure. Although earlier studies have reached similar conclusions (Runnemark, Hedman and Xiao, 2015; Trutsch, 2014), this present study focuses on the UK student demographic, who have been said to be suffering from a lack of financial education (Supon, 2012). A number of prominent areas of research have been highlighted as a result of the findings from the exploratory study.

To extend this study in the future, and to obtain a more accurate assessment of the changes to consumer behaviour, different data collection methods could be utilised to support the conclusions of the present research. For example, payment diaries could be used by participants to record the transactions they make over a period of time, and the payment instruments used. A quantitative study of this nature would facilitate a statistical analysis that would pinpoint the specific effects on spending in terms of frequency and amount spent.

Also forthcoming from the study was the lack of prior research on consumer attitudes to, and possible acceptance of a completely cashless society in the future. This highlights a significant opportunity for contributing to an evolving research field, particularly in light of the rapidly developing mobile proximity payment market. A future study could also explore the attitudes of UK consumers to the most pertinent social and logistical implications of a permanent abolition of cash from our society. This could be achieved by a mixed method, grounded theory study, which
could include interviews with financial service professionals, as well as a structured questionnaire to gather the consumer perspective.
6.0 References


Bibliography


When undertaking a research or enterprise project, Cardiff Met staff and students are obliged to complete this form in order that the ethics implications of that project may be considered.

If the project requires ethics approval from an external agency (e.g., NHS), you will not need to seek additional ethics approval from Cardiff Met. You should however complete Part One of this form and attach a copy of your ethics letter(s) of approval in order that your School has a record of the project.

The document *Ethics application guidance notes* will help you complete this form. It is available from the [Cardiff Met website](http://www.cardiffmet.ac.uk). The School or Unit in which you are based may also have produced some guidance documents, please consult your supervisor or School Ethics Coordinator.

Once you have completed the form, sign the declaration and forward to the appropriate person(s) in your School or Unit.

**Participant recruitment or data collection MUST NOT commence until ethics approval has been obtained.**

### PART ONE

<table>
<thead>
<tr>
<th>Name of applicant:</th>
<th>Brett James</th>
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<tbody>
<tr>
<td>Supervisor (if student project):</td>
<td>Stuart McNeil</td>
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<tr>
<td>School / Unit:</td>
<td>Cardiff School of Management</td>
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<td>Student number (if applicable):</td>
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<tr>
<td>Programme enrolled on (if applicable):</td>
<td>BSc (Hons) Business Information Systems</td>
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<td>Project Title:</td>
<td>How is the use of Contactless Payment Affecting Student’s Spending Habits?</td>
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<tr>
<td>Expected start date of data collection:</td>
<td>12/12/2016</td>
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<td>Approximate duration of data collection:</td>
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**Funding Body (if applicable):** N/A

**Other researcher(s) working on the project:** N/A

**Will the study involve NHS patients or staff?** No

**Will the study involve taking samples of human origin from participants?** No

### Does your project fall entirely within one of the following categories:

<table>
<thead>
<tr>
<th>Category</th>
<th>Answer</th>
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<tbody>
<tr>
<td>Paper based, involving only documents in the public domain</td>
<td>No</td>
</tr>
<tr>
<td>Laboratory based, not involving human participants or human tissue samples</td>
<td>No</td>
</tr>
<tr>
<td>Practice based not involving human participants (eg curatorial, practice audit)</td>
<td>No</td>
</tr>
<tr>
<td>Compulsory projects in professional practice (eg Initial Teacher Education)</td>
<td>No</td>
</tr>
<tr>
<td>A project for which external approval has been obtained (e.g., NHS)</td>
<td>No</td>
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If you have answered YES to any of these questions, expand on your answer in the non-technical summary. No further information regarding your project is required.

If you have answered NO to all of these questions, you must complete Part 2 of this form.

### In no more than 150 words, give a non-technical summary of the project

The aim of the research is to explore how the growing use of contactless payment methods has affected student spending habits. The researcher will be conducting a critical review of relevant literature to establish what is known and not known in relation to the research question (Saunders *et al.*, 2016). A series of semi structured interviews will be carried out to gain a deeper understanding of how and why contactless payment has affected student spending behaviour.

### DECLARATION:

I confirm that this project conforms with the Cardiff Met Research Governance Framework

I confirm that I will abide by the Cardiff Met requirements regarding confidentiality and anonymity when conducting this project.

**STUDENTS:** I confirm that I will not disclose any information about this project without the prior approval of my supervisor.

Signature of the applicant: Date:
PART TWO

A RESEARCH DESIGN

A1 Will you be using an approved protocol in your project? No

A2 If yes, please state the name and code of the approved protocol to be used

N/A

A3 Describe the research design to be used in your project

- Researcher will be conducting an inductive, interpretive study using a qualitative research method (Saunders et al., 2016).

- Semi-Structured interviews will be conducted for the qualitative research.

---

1 An Approved Protocol is one which has been approved by Cardiff Met to be used under supervision of designated members of staff; a list of approved protocols can be found on the Cardiff Met website here
- Non-probability, self-selection sampling has been chosen (Lee, 2000). The entire sampling frame is not available and the sample does not proportionally represent the population i.e. all students.

- Sample size estimated at 10-15 students. Researcher will continue to collect qualitative data until data saturation is reached (Saunders et al., 2016).

- Students interviewed will be in the age range 18-24.

- Researcher will recruit participants from Cardiff Metropolitan University campus. All interviews will take place here.

- Anonymity and confidentiality will be ensured by storing all data on a password protected computer. Only the researcher will have access to the data.

- Thematic analysis will be used when analysing the qualitative data gathered from the semi-structured interviews (Braun and Clarke, 2006).

<table>
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<tr>
<th>A4</th>
<th>Will the project involve deceptive or covert research?</th>
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<td>A5</td>
<td>If yes, give a rationale for the use of deceptive or covert research</td>
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<td>A6</td>
<td>Will the project have security sensitive implications?</td>
<td>No</td>
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<td>A7</td>
<td>If yes, please explain what they are and the measures that are proposed to address them</td>
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**B PREVIOUS EXPERIENCE**

B1 What previous experience of research involving human participants relevant to this project do you have?

None

**B2 Student project only**

What previous experience of research involving human participants relevant to this project does your supervisor have?

My research supervisor has 16 years of experience of research involving human participants.

**C POTENTIAL RISKS**

C1 What potential risks do you foresee?

1. Not meeting the research deadlines.
2. Gathering invalid data.
3. Ensuring participant confidentiality and anonymity.

<table>
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<tr>
<th>C2 How will you deal with the potential risks?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sticking to the research plan and schedule.</td>
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<tr>
<td>2. Designing the interviews so that only valid data can be gathered.</td>
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<tr>
<td>3. All raw data will be held on a secure password protected computer. Anonymity statement will be added to the participant consent form.</td>
</tr>
</tbody>
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Appendix B – Participant Information Sheet

PARTICIPANT INFORMATION SHEET

HOW HAS THE ADOPTION OF CONTACTLESS PAYMENTS AFFECTED UK STUDENTS’ SPENDING HABITS?

Project summary
The purpose of this research project is to explore how the use of contactless cards are affecting student spending habits. Your participation will enable the collection of data which will form part of a study being undertaken at Cardiff Metropolitan University.

Why have you been asked to participate?
You have been asked to participate because you fit the profile of the population being studied; that is you are between the ages of 18 and 24 and are a student in further education.
During the interview you will be asked a range of questions relating to the adoption of contactless payment, mobile payment and the implications to yourself as a student, and society as a whole.
Your participation is entirely voluntary and you may withdraw at any time.

Project risks
The research involves the completion of an interview which will be recorded for later analysis. We are not seeking to collect any sensitive data on you; this study is only concerned with spending habits and will not discuss specific purchases or financial status. We do not think that there are any significant risks associated with this study. However, if you do feel that any of the questions are inappropriate then you can stop at any time. Furthermore, you can change your mind and withdraw from the study at any time – we will completely respect your decision.

How we protect your privacy
All the information you provide will be held in confidence. We have taken careful steps to make sure that you cannot be directly identified from the information given by you. Your personal details (e.g. signature on the consent form) will be kept in a secure location by the researcher. When the study and analysis has finished, all the information, the documentation used to gather the raw data will be destroyed except your signed consent form which will be held securely for 5 years. The recordings of the interview will also be held in a secure and confidential environment during the study and destroyed after transcription.

YOU WILL BE OFFERED A COPY OF THIS INFORMATION SHEET TO KEEP

If you require any further information about this project then please contact:

Brett James
Cardiff Metropolitan University
BSc. (Hons) Business Information Systems
Email: st20044336@cardiffmet.ac.uk
Appendix C – Participant Consent Form

Cardiff Metropolitan University
Ethics Committee

PARTICIPANT CONSENT FORM

Cardiff Metropolitan University Ethics Reference Number: 2016D0257
Participant name or Study ID Number:

HOW HAS THE ADOPTION OF CONTACTLESS PAYMENT AFFECTED STUDENT SPENDING HABITS?

Name of Researcher: Brett James

Participant to complete this section: Please tick the appropriate box.

1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

[ ]

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

[ ]

3. I agree to take part in the above study.

[ ]

4. I agree to the interview being recorded

[ ]

[ ] Yes  [ ] No

5. I agree to the use of anonymised quotes in publications

Signature of Participant                                      Date

__________________________________________________________

Name of person taking consent                                  Date

__________________________________________________________

Signature of person taking consent
### Appendix D – Interview Matrix Guide

<table>
<thead>
<tr>
<th>Number</th>
<th>Primary Research</th>
<th>Secondary Research</th>
</tr>
</thead>
</table>
| 1      | **Contactless payment is described as “a fast, easy and secure way of paying”. Briefly explain why you agree or disagree with this statement.**  
  - Explain why you like or dislike contactless card payment.  
  - Are there any examples of when you avoid or refrain from using contactless payment?                                                                                                                                                                                                 | Consumer benefits of contactless cards (Smart Payments Association, 2017).  
  Scepticism surrounding the security of contactless payment has passed (Koch, 2017)  
  UK Students see contactless payment as a preferred payment mode (Vista Retail Support, 2016)                                                                                                                                                                                                 |
| 2      | **Mobile payments apps such as Apple Pay, Samsung Pay, Android Pay and EE Cash are expected to increase in popularity in 2017. Explain whether you are likely to use your smartphone to pay, and why?**  
  - Are there any reasons that would inhibit you from using mobile payment apps?                                                                                                                                                                                                                                                               | Apple and Samsung are driving the consumer adoption of mobile payments (Ohlhausen, 2016)  
  18-24 year olds in the UK are the biggest adopters of mobile payment (Prepaid International Forum, 2016)                                                                                                                                                                                                                                  |
| 3      | **Different payment forms (chip and pin, cash, contactless, mobile) can have varying psychological effects in terms of the how real it feels and the sense of ‘pain’ that can be attached. Explain whether you agree or disagree with this statement.**  
  - Which type of payment makes you less conscious or aware of the money you are spending? Why is this?                                                                                                                                                                                                                               | Card payments lead to increased spending over cash (Feinberg, 1986; Hirschman, 1979; Prelec and Simester, 2001).  
  Payment Transparency Concept (Soman, 2003).  
  Lower level of payment pain (Raghubir and Srivastava, 2008).  
  Consumers are less aware of the value being spent when there is no tangible object exchanged (Thomas, Desai and Seenivasan, 2011).                                                                                                                                                                                                 |
| 4      | **Student debt in the UK has reached an unprecedented level of notoriety. This has partly been attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of?**  
  - What do you consider as the main current and future dangers to students in terms of overspending and getting into further debt?                                                                                                                                                                                                              | Students face a danger from contactless payments as it encourages customers to spend more money (Bain, 2014).                                                                                                                                                                                                       |
| 5      | **Central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?**  
  - Could you foresee any significant effect on your spending habits?                                                                                                                                                                                                                                                                         | Global prediction that a ‘cashless society’ is a likely scenario within 20 years. (Smart Payments Association, 2017)  
  Mobile and in particular, contactless spending, could lead to increased haphazard and impulse spending (French, 2014)                                                                                                                                                                                                 |
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<th>Created On</th>
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</table>
Appendix F – Interview Transcripts

Interview 1. Participant 1. 27th February 2017 3pm. Interview
Duration: 8 minutes 58 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with the statement

Participant: Sorry can you repeat the question

[Researcher repeats question]

Participant: I agree because it’s so much quicker when you’re going to the shops. Makes paying for things a lot easier and quicker. Umm I guess it might not be secure because if someone takes your card then they can pay for things without knowing your details [pause] but only £20, £30 or under. But yeah I agree with the fact that it’s fast and quick.

Researcher: Explain why you like or dislike contactless card payment

Participant: I like it because if I’m in a rush I can just do it really quickly and I don’t have to wait for the card machine or type in my pin. Especially on err self-checkout machines it’s really good because you can do it quick

Researcher: Are there any examples of when you would avoid or refrain from using contactless payment?

Participant: Umm [Pause] sometimes if I use contactless, I don’t want a receipt because I just do it and I go. So maybe if I wanted my receipt or something I wanted to have a record of then I would maybe not do contactless so yeah. Or if I didn’t have money on my card, my contactless card then I would have to use my other card which isn’t contactless.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay and EE Cash are expected to increase in popularity in 2017. Briefly explain whether you are likely to use your smartphone to pay, and why?

Participant: I think definitely because If I’ve forgotten my purse which I sometimes do then I can just use my phone instead. And it is something that I’ve wanted to set up on my phone, I just haven’t got round to it. And yeah I know that my Mum uses it and she really like it so [Pause] I definitely would

Researcher: Are there any reasons that would inhibit you from using mobile payment apps?

Participant: [Pause]. What does inhibit mean?

Researcher: Any reasons why you wouldn’t use

Participant: Umm, maybe the worry that it might not go through properly or it might take my money out twice or umm yeah it might take more out than it should

Researcher: There is previous research that states that different forms of payment can have varying psychological effects in terms of how ‘real’ that payment feels and the sense of ‘pain’ that can be attached. Again, briefly explain whether you agree or disagree with this statement.
Participant: Yeah I definitely agree because sometimes when you’re paying with contactless, you feel, you don’t think about it, you kind of just pay. You forget that you’re actually taking money out of your account. But I feel like I spend a lot more money like sub-consciously umm on my contactless card because I just do it so easily and without even thinking. Umm especially when you can do it like £3, £5 and all those little ones they all add up. You like, then you’re like oh I’ve spent so much money on my contactless card and haven’t realised.

Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of for rising student debt?

Participant: Yeah I think I do agree because at school they don’t really warn you of the kind of things you have to pay for when you go to Uni like I didn’t expect to have to spend so much money on bills and rent, food and a lot more than I expected to and I think people that don’t go to uni don’t quite realise how much students do pay.

Researcher: What do you consider as the main current and future dangers to students in terms of overspending and getting into further debt?

Participant: Umm [Pause]. I think like online paying for like food restaurants and shopping. Like I said before do it sub-consciously and don’t really realise how much they are spending because they are doing it online. People always think oh I’m spending more money online it’s not going to come out of my bank for a few days but it’s still spending money. Yeah there are all these things like Deliveroo and that and you don’t realise how much it all adds up to. People are going to get into so much debt. So yeah online shopping and food delivery.

Researcher: Central banks around the World are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: To be honest I don’t carry cash around with me very often anyway. Like I rarely have any cash in my purse, literally like 50p or £1. So I don’t really pay for many things with cash anyway and if I have cash in my purse then I will go out of my way to spend that cash rather than using my card so I think it would be good. No well I think it is good to have some money in your purse for things you actually need coins for like shopping trolleys or whatever. But no I don’t think cashless would really affect me that much, I quite like it [contactless].

Researcher: That’s it, thank you very much.
Interview 2. Participant 2. 27th February 2017 3pm. Interview
Duration: 8 minutes 6 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement.

Participant: Yeah obviously I agree it’s a fairly simple way to buy things of a low value without having to, you know I personally use Apple Pay so it’s really easy I don’t need to get my wallet out and stuff like that.

Researcher: You can kind of already touched upon it but briefly explain why you like or dislike contactless card payment.

Participant: I just like it because it’s a lot easier and yeah it’s just so much quicker than you know, getting your card out, doing your pin and everything like that.

Researcher: Okay so are there any examples of when you would avoid or refrain from using contactless payment?

Participant: Umm just whenever I spend over the limit – I think mine’s £30 so if it’s under that then obviously I’ll have to use it but other than that I’ll have cash which is obviously very rare umm I’ll always just use contactless.

Researcher: Ok so, mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Yeah like I do currently use it, just because I said it’s easier you don’t have to use your card anymore and you know it’s secure because obviously it uses your own thumbprint so even though you’re not using a pin, it still has that security, that encryption factor to it.

Researcher: I’m assuming the answer is no, but are there any reasons that would inhibit you from using mobile payment apps?

Participant: No.

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: Umm I think like obviously like I said, if your spending contactless you don’t really think, like it’s just so easy to just do it. Like you don’t really think about any consequences of it, and because it’s such low value you don’t really think ‘oh my god I’ve just spent like £3’, It’s just like umm bang and it’s gone type thing, whereas obviously like if I have to use my credit card then it’s usually for something that’s quite a lot of value that I would rather not spend money on. Then for like cash, like yeah because you have to use your brain to think about how much it is and everything like you might think twice about having to use it. Like I didn’t buy something yesterday because I knew I had to go get cash out to go do it so I was like nah.
Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: Umm definitely I think being a student is more expensive than what people think and I know that a lot of people’s loans [student loans] don’t cover what they actually need to spend on like a daily, weekly or monthly basis so I think the fact that like people can have overdrafts and they are so readily available means people will use them naturally as a means to get by. And umm yeah obviously I know a lot of people that have overdrafts and things like that because they are so available. I think that if they weren’t available then people wouldn’t go out and spend as much umm and I do think that a lot of people aren’t very educated on like money and how it works. Like personally with my credit card, I’ve got like a really good credit score and everything like that and I have a lot of outgoing umm direct debits and stuff. So for me, obviously I do have debt but its manageable debt so. Yeah I do agree a lot of people aren’t very educated about it and therefore have masses of debts and overdrafts that they can’t really manage.

Researcher: What do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: Yeah just like having overdrafts innit because like I dunno I think like if you have it you don’t really think about it and you think about it as the money in my account whereas if you were to have a credit card, like I never worry about my credit card because I pay it off automatically from my debit card. Overdrafts are pretty dangerous.

Researcher: Okay so last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: Umm. Personally I think umm I frequent some industries where it is better to use cash in [Laughter]. So I think umm there are situations where it is difficult to not use cash due to umm there being charges on your card and perhaps umm statements that you don’t really want any proof of on your card, so I think that would be difficult.

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: Yeah like I think like it might take the enjoyment out of like things you do so with like betting and things where you have to use cash like you obviously enjoy it and like its fun and like having cash. That’s like a big part of socialising I think, like especially like if you have a whip round but I’m sure they’d figure out ways to get around it. It’s just jokes like throwing cash in like that. But I think realistically it wouldn’t have that much of an adverse effect of that many people because you don’t actually get paid in cash, your student loan or wages or whatever they come in like umm into your bank account and you can just spend it straight away off your card so. Yes and No

Researcher: Thank you that’s it.

Participant: Sweet
Interview 3. Participant 3. 28th February 2017 12pm. Interview Duration: 5 minutes 28 minutes

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement

Participant: Yeah I agree with that umm obviously going to a shop, buy whatever you want straight away without having to put your pin in and have all that fuss. Makes it much quicker, much easier but then I’ll say there is also a threat of people going around with those contactless things taking money by pressing against your wallet.

Researcher: Are there any example of when you would avoid or refrain from using contactless payment?

Participant: Umm [Pause]. I don’t think so umm. No I don’t think there would be as long as I could get a receipt for it.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Umm I don’t currently and I don’t think I will because I know it’s a lot easier to do because you always have your phone on you but I just don’t for some reason there’s something about me that, there’s a few security issues with it, always trying to avoid that.

Researcher: So the follow up question, but are there any reasons that would inhibit you from using mobile payment apps?

Participant: Yeah I think security issues of mobile payment because you could lose your phone and I’m sure people could find a way that information somehow and then obviously use it to take all your money out your bank so trying to avoid that.

Researcher: Ok so question 3, different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: I kind of agree with that because I definitely think that paying with contactless, because of its ease of use and how quick it is you don’t realise the money you’re spending and it continuously grows and grows. It’s a lot easier to spend £3 here, £3 there without I dunno. I definitely agree with that.

Researcher: Question 4, Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: Umm [Pause] that’s a tricky question. Can you repeat?

[Researcher repeats question]

Participant: Umm let’s think. People just aren’t really conscious with their money anymore in my personal experience anyway. If you see something, you just want it and go and buy it without thinking of the repercussions of what that means.
Researcher: So the follow up question to that is what do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: Umm [Pause] Not sure really. Umm [Pause]. Yeah I can’t really think of anything.

Researcher: Last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: To be fair I don’t really think it would affect it too much because I’m the type of consumer that likes to pay on card anyway, I don’t really like to have cash on me because if I do have cash on me I just spend it on useless rubbish which I don’t need, so I prefer to spend on card anyway so I don’t think that would really affect me

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: Not really no, I’ve kind of already answered that.

Researcher: Okay, that’s it. Thank you very much.
Interview 3. Participant 3. 28th February 2017 12pm. Interview
Duration: 5 minutes 28 minutes

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement

Participant: Yeah I agree with that umm obviously going to a shop, buy whatever you want straight away without having to put your pin in and have all that fuss. Makes it much quicker, much easier but then I’ll say there is also a threat of people going around with those contactless things taking money by pressing against your wallet.

Researcher: Are there any example of when you would avoid or refrain from using contactless payment?

Participant: Umm [Pause]. I don’t think so umm. No I don’t think there would be as long as I could get a receipt for it.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Umm I don’t currently and I don’t think I will because I know it’s a lot easier to do because you always have your phone on you but I just don’t for some reason there’s something about me that, there’s a few security issues with it, always trying to avoid that.

Researcher: So the follow up question, but are there any reasons that would inhibit you from using mobile payment apps?

Participant: Yeah I think security issues of mobile payment because you could lose your phone and I’m sure people could find a way that information somehow and then obviously use it to take all your money out your bank so trying to avoid that.

Researcher: Ok so question 3, different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: I kind of agree with that because I definitely think that paying with contactless, because of its ease of use and how quick it is you don’t realise the money you’re spending and it continuously grows and grows. It’s a lot easier to spend £3 here, £3 there without I dunno. I definitely agree with that.

Researcher: Question 4, Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: Umm [Pause] that’s a tricky question. Can you repeat?

[Researcher repeats question]
Participant: Umm let’s think. People just aren’t really conscious with their money anymore in my personal experience anyway. If you see something, you just want it and go and buy it without thinking of the repercussions of what that means.

Researcher: So the follow up question to that is what do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: Umm [Pause] Not sure really. Umm [Pause]. Yeah I can’t really think of anything.

Researcher: Last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: To be fair I don’t really think it would affect it too much because I’m the type of consumer that likes to pay on card anyway, I don’t really like to have cash on me because if I do have cash on me I just spend it on useless rubbish which I don’t need, so I prefer to spend on card anyway so I don’t think that would really affect me.

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: Not really no, I’ve kind of already answered that.

Researcher: Okay, that’s it. Thank you very much.
Interview 4. Participant 4. 28th February 2017. Interview Duration: 8 minutes 6 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement.

Participant: Umm yeah well it’s obviously very fast because you can literally like, if you’re in maccies [McDonalds] or anything like that. Umm Tesco, for a student you’re going to use it it’s not going to be that expensive because of the £30 thing but like buying lunches and stuff when you’re hopping in and out of lessons it’s pretty quick. Secure? I mean it’s secure if you don’t lose your card and I know a few students who have lost their card and yeah errors like that. Umm what was the other one?

Researcher: Easy

Participant: Oh right obviously it’s very easy to use and it’s quick. Its one touch and you can get the majority of a student’s daily needs with it, whether it be transport in London or anything else yeah, it’s pretty easy.

Researcher: Briefly explain why you like or dislike contactless card payment.

Participant: Umm I do like it because you can literally walk in and out of a shop within one minute and pay for everything pretty quickly. I don’t like it because I’ll be the sort of person that will get it and in the first week I would lose my card and someone will just be zapping it for £30 payments at a time, if I actually have that amount in my account. But like that would be the reason that would put me on the edge so if they could do anything to kind of, if you could get an app you could use to cancel it straight away like that would be quite useful but other than that. That is the one downside of it.

Researcher: Ok so, mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Umm I will use it once I update, get a new phone which would be when my contract expires because if I’m going to have anything on me, it would be my phone I mean I won’t leave my house without my phone, I won’t go anywhere without my phone. It’s yeah, it saves you getting anything out your wallet, especially I don’t know if this is relevant but if you’ve got an apple watch now you can pay with that when it’s all set up you don’t even need to get anything out of your pocket not, so it’s pretty useful. Umm yeah I think once I do get back in the game I will definitely be using Apple Pay, just because your phone is soon going to be used for everything you do. Umm paying, travelling and sorts.

Researcher: Are there any reasons that would inhibit you from using mobile payment apps?

Participant: Umm [Pause] the risk of it failing and it being embarrassing would be the main one, but other than that not really. Like if it just kind of takes ages to do and you’re holding your phone up trying to show off with your new Apple Pay on your phone and it just doesn’t work. So technology limitations maybe but other than that not really. Umm I can’t see much reason, it isn’t much different to contactless, the only other reason I might try not to do it is because it’s just so easy to spend money and obviously I’m a student so I’m reluctant to spend money so and you don’t even think about it when you are paying for stuff, whereas on your card if you put your PIN in, then you are prepared to pay by card.
and it’s less impulse in a way. It’s more grab that and scan that I don’t even need to get my wallet out or anything. So that would be another reason.

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: Yeah well like I said before I don’t like using cash personally because it just ends up being money sitting around my room or my flat. Umm yeah if you just umm if you’re using contactless or whatever. Personally I’d be a bit worried about how you are spending money if you look at the type of places you would be using it. Umm the whole kind of £30 it’s going to be umm lunches, which I’m kind of conscious not to spend money on, pubs you can easily just kind of spend. If you have the cash you are limited to the amount you can spend but like obviously contactless you pay the exact amount so yeah it does kind of stress me out a bit so it’s good not to worry about cash.

Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: I do agree that you don’t get much warning, you hear the old clichés ‘Oh why are you going to uni, you are just going to get into loads of debt’. But like if you want to, the thing is you get money but you don’t actually have this money. You think you can spend this money as anyone would. If you get given a lot of money, you are going to spend it. You think that you can literally spend it on anything whereas there are actually things it needs to be spent on so. These things aren’t little investments, these are, and you can easily spend several hundreds of pounds whether it be holidays or kind of technological investments, phones, computers, whatever. Umm so yeah there definitely is that ease to spend money without thinking about it because the only other money you’ve kind of earned before would be umm just from part time jobs or unless you did a gap year or something like that. It’s so easy to just burn through it all instantly, but yeah. I can’t remember what the original question was?

Researcher: Lack of financial education

Participant: Yes a lack of financial education massively umm I don’t think there is enough incentive for you to do it either [be financially responsible] so if there was some sort of scheme were you put this amount in so you get ‘x’ amount of discount off further purchases then that might help.

Researcher: So last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: Umm as I said before I don’t really use cash a lot and I can kind of see that benefit so I don’t think it would be much different for me personally. But in society maybe? I don’t know. I think there would be less impulse buying I guess maybe like less kind of ‘let’s draw £30 out here and just see that off on my night out’ or whatever. You can draw a certain amount out and look to spend it whereas you could actually end up spending half the amount of money or even double the amount of money just because you don’t know what you’re going to use. Umm so I think spending in general, you can kind of look at it either way, it could increase because people would have more money on them at all times or it
could just as easily be reduced because people will just be left with like the only money they have on them, they know what’s on there, or they should do anyway.
Interview 5. Participant 5. 1st March 2017 1pm. Interview Duration: 12 minutes 47 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement.

Participant: I’d say probably definitely agree because it’s definitely a faster and more convenient to use, you don’t have to stand there waiting for a chip and pin sort of thing umm. Convenience as well, you don’t have to worry about carrying small amounts of cash on you if you’re just making little purchases here and there. Umm in terms of secure, obviously it’s pretty secure you have to be the one using the card but then again there’s the issue of if you’ve just dropped the card they can still use it for one or two payments like up to £30 now. Umm so yeah there’s obviously that little risk you take but yeah I’d say it’s still secure.

Researcher: You can kind of already touched upon it but briefly explain why you like or dislike contactless card payment.

Participant: It’s just a much like simpler version of using a card. Before contactless came in it was more for a bulk purchase or a more expensive purchase. But now you don’t have to worry about smaller notes or carrying around lots of change. It’s just a much easier way of paying to just whack the card in the machine and away you go sort of thing.

Researcher: Okay so are there any examples of when you would avoid or refrain from using contactless payment?

Participant: Umm I try to avoid it, again this is going to be a very student centred example. I try to avoid using it at the student union in pubs and places where you’ve had a couple of drinks and you’re not really sure how much you are spending so I try to avoid cards then but obviously if you were to it is very convenient. Umm but yeah again if it’s umm there are certain times where you’re going into a bar and they tell you how much the price is and they ask you if you have contactless and half the time you don’t even look at the machine and how much the put through so they could have put any amount in. And half the time they don’t even give you a receipt either so they could have charged you more, but obviously that’s down to their integrity not to do that. Umm that’s a risk you take as well I guess.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Umm I don’t use it at the moment. There’s quite a limited few places that take it at the moment so it’s just usually much easier umm just to pay with card or cash. Umm but yeah especially at uni they do take them [mobile payments] there in a variety of forms so yeah if I was here next year, it would definitely be something I would look into.

Researcher: Are there any reasons that would inhibit you from using mobile payment apps?

Participant: Umm well I guess they have to have the technology there to use them, I don’t know if they are on the same contactless thing as cards but where I’ve seen they’ve got like the black plate to whack
your phone on. And then again if you haven’t got a decent-ish phone or one that can have that type of app engaged on it then it could be limited there.

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: Umm yeah okay to an extent probably because especially when you are paying by card sometimes depending on the amount if you know you are making a big purchase say 10’s, 100’s or pound whatever you know that it’s in your head and you’ve probably planned that payment so you know that that’s going to leave your account, and that it’s your money that you are spending for whatever reason. Whereas if you’ve just racked up a payment on shopping, if you’ve gone out or something like that I think card payment especially contactless up to £30, it doesn’t feel quite as like guilty, there’s no real guilt there. Umm whereas if you’re paying £30-40 by cash it definitely feels more guilty than using the card. Umm but yeah it doesn’t really feel like you are spending the money you have as opposed to cash payments or cheque payments you are not writing your life away or giving what you feel is hard earned cash to people.

Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: I definitely agree with that, you don’t really have to go far to find a student that is struggling with money or barely has above the zero in their account, they can barely afford to buy the food they’re eating and stuff like that. But I think students tend to be umm arrogant in a way of the fact that life hasn’t quite got to them yet and they’re not really thinking about planning for the future or the last stage of their education or last stage of doing stuff before they go into a full time job. They are not really thinking about that, they are stuck in this student lifestyle where nothing can really get to them or touch them. There are plenty of examples, we have a couple housemates here that struggles to pay and eternally in their overdrafts. So as soon as they leave uni that is going to be a real problem when getting finance or basically paying for anything because obviously you have to pay interest and all that. Yeah I think it’s just, they don’t really think about the consequences of paying for things while they are a student and how that is going to affect what they do afterwards. Umm so yeah I think either encouraging them to think about saving or just telling them point blank to be a bit more reasonable or sensible with their own money. Especially if they are getting a student loan and it’s not their money, because you still have to pay that back. I think quite a lot of students get that money and just frivol it away on random expenses that they don’t necessarily need.

Researcher: What do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: Umm I think it’s just balancing the necessities versus the wants and just encouraging students to like to be able to distinguish between the two in a way. Again that arrogance of life hasn’t really got to them or touch them sort of thing. Umm just understand that that money should or could be going on stuff to help you out in a good way. Just thinking about each payment before it happens.
Researcher: Okay so last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: [Pause] I think it would take away the umm, I don’t really know the word for it. You are giving away more in exchange for a service or a purchase or something like that so I think like having contactless on everything and not exchanging any like physical element would perhaps diminish that in a way. Obviously it’s convenient in a way you don’t have to worry about stocking up with cash or worry about things like that.

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: Umm well at the moment for all those small purchases I am using the contactless so if they were to get rid of cash completely, it would probably impact it in a way like I would definitely be less worried about umm making a larger payment or stuff like that. It would just be as opposed to thinking about paying for something, it would just be ‘I need to pay with contactless’ there would be less of a though about how much you are spending and more of a mandatory thing you have to get the service rather than analysing how much you are spending.

Researcher: Thank you, that’s it.
Interview 6. Participant 6. 1st March 2017 6.30pm. Interview Duration: 10 minutes 11 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement

Participant: Oh definitely I agree with that statement. It’s made what is already something that was quite simple, even simpler and definitely for small purchases I’m much more likely to do it. If I didn’t have cash then I would go to the shop but now that they do contactless, then I would more likely just go do that, if that makes sense.

Researcher: Are there any examples of when you would avoid or refrain from using contactless payment?

Participant: If some places don’t have it then yeah. Sainsbury’s doesn’t umm Co-op does but they didn’t a few months ago so that’s the few times. Sometimes yeah bars don’t do it umm but yeah I would say more and more places do it now and I think most people do it now rather than not do it, which wasn’t the case say 6 months ago.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: I already do it, not all places have it [facilitate mobile payment] but the ones I see that do it, I do use it, partly to look really cool and use my phone but also because it is slightly easier. However sometimes it doesn’t always work, like sometimes it says it works, I’ve tried to use it but I’ve had to whip my card out. But it is something that I will look to use more.

Researcher: Are there any reasons that would inhibit you from using mobile payment apps? Or any situations where you wouldn’t want to?

Participant: Umm [Pause] I would probably use it in any situation that I would with my card umm. I don’t think my answer would differ much from when I would use card [contactless].

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: Oh definitely agree, I mean obviously when cash goes it’s a bit more tangible and then when it goes on your card it’s slightly less tangible however you do see the amount while you’re typing it in and there is that hesitation where you’re like [inaudible noise]. I mean I’d probably still go through with the payment but I’d feel worse about it. However if it is contactless, usually if it’s in a pub they would take your card off you and do it so you don’t even necessarily even see it. Or you just do it yourself or whatever. But I would say that yeah there is definitely a psychological effect which is good and bad and it gets rid of the remorse of acknowledging your money go but at the same time obviously you are spending more money. So I guess it goes both ways.
Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: I think there are a lot of factors in it. I think financial education is a part of it. I think financial education has got better as there’s a lot more methods of doing it and I think people are getting responsible at younger ages and people are getting cards at younger ages and bank accounts. I mean you got lots of things going on. Just the economy is changing so much, usually not for the best and definitely not for say young people and I think that umm, I think it’s more the other factors than financial education itself. However I wouldn’t be surprised if there is some sort of link to it, but I do think people are better at managing their money than say they were. But, yeah.

Researcher: So the follow up question to that is, what do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: [Long Pause] I mean I guess house prices and therefore rent is probably increasing which is probably going to have a negative effect on disposable income. Umm I mean, I don’t know how students are doing for jobs umm. So I mean I don’t know if more or less people are getting jobs umm. I think inflation is fine umm. I’m not really sure

Researcher: Okay no worries. So the final question. Central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: Umm I think it’s a good idea, it’s a cheaper way of doing things, we don’t have to print millions of notes so it’s probably going to benefit the economy and government and whatever. Umm I mean I do think it’s good and I do think the places around the world where it has been applied have been quite successful. Umm there are obviously downsides to it, I know that there is ways of thieves to do things with it. I think it’s also good for banks and there is a lot of big data in it that we can understand buyer behaviour. Definitely as a marketer, umm I think the only problem that people claim is that hospitality industries and tips and stuff will be kind of affected. Umm but again I don’t necessarily agree with that. And also umm getting rid of cash obviously helps with sort of the shadow economy of people you know, doing cashless things, money laundering, whatever. I think that everything going cashless would probably help a lot of financial issues, especially the shadow economy definitely. Umm so generally thumbs up from me.

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: I personally think it would. I think not seeing the money leave my wallet would probably, maybe not massively but probably you could look at it as a statistical average that I end up spending more because I can wave my card or phone at things and they appear and I don’t have to get cash out the bank and then see how much cash I have. I think it separates the kind of conscious link to it which will probably make me spend more money in the end.

Researcher: Thank you, that’s it.

Participant: No problem.
Interview 7. Participant 7. 2nd March 2017 6pm. Interview Duration: 13 minutes 36 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement

Participant: I would agree that it is fast. In terms of security I actually have no idea whether I’m at any more risk of using contactless than using my pin. I’d imagine it’s safer because nobody can see my PIN, there’s a risk of somebody seeing my when using my chip and pin, but then instead of that risk you have the higher risk of losing your card and someone to access the money. So in terms of security, I’m not really too sure. In terms of speed, yes it’s definitely quicker. Yeah that’s about it really.

Researcher: Explain why you like or dislike contactless card payment.

Participant: As a student, I like contactless payment. Umm it’s just easier, quicker, and less reliant on cash. Umm which is a pain. It’s just way quicker, especially as a student when you go to events which can often be very over crowded, it helps to speed up payment process. For example nightclubs, if a club doesn’t have contactless it’s dreadful. You’ll be able to notice the queues being massive at the bar. But if they are contactless, typically you can just pay by card, there is no change or stuff. It increases spending in my opinion in that aspect.

Researcher: Okay so are there any examples of when you would avoid or refrain from using contactless payment?

Participant: Umm [Pause] No not particularly.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: Umm for me I don’t use my phone to pay for anything like how you use contactless. Never used it. Probably won’t for a few years until I find it is that beneficial. I don’t think it’s much quicker to get my phone out my pocket than my contactless card. But I do use PingIt [Barclays PingIt App] and things like that, a quick way of sending people money, but that’s not used in a business sense. But I do use PingIt regularly because that’s just a quick and easy way to send money to friends you just need their mobile number. Even if it’s a new person you just go ‘Oh big Sal I owe you £5, I will literally ping it to you right now it’s fine’. But I would never use it [Mobile proximity payment] in a shop.

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: I agree massively and I think its proof that the gambling companies such a Paddy Power now have essentially a contactless card because it doesn’t feel like real money. You just tap away, there’s no tangible coins. Because it’s so quick and it’s over so quickly it doesn’t feel like real money. Especially if it’s a credit card as well, that’s what I do. Credit card I’m like ‘Do I pay with real money or do I go in and out with the credit card’. And the reason I use contactless with the credit card is because yes, I feel less
bad. If I was putting my chip and PIN into the machine, there’s a good 10 seconds of guilt there where I feel like ‘I shouldn’t be doing this’ but when there’s contactless it’s just bang and it’s over.

Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: Umm yes I agree I think student debt and debt as a whole is down to a lack of knowledge because you are not taught it ever at school, how to manage money. In terms of student debt, again you don’t ever see the money, it just happens and then at the end of the four years they just go ‘Oh yeah toy owe us £40,000’ and I never saw any of this money. It’s just completely in the background, you don’t ever see any of it. If I had £9000 a year in a suitcase and someone gave it to me, it would be a lot harder to spend. So yeah you never actually see it. I think that’s another reason why debt is going up.

Researcher: What do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: Umm well [Pause] for example, people like myself from a low income background so I get the full whack of the loan but it’s still not necessarily, well it covers living expenses and all those things and it is enough money really. But it’s not enough money to have fun, and if I was responsible I would have a much more boring life. So I’ve then gone to get credit cards so I can have the added fun, which is includes simple things like joining the football society. I haven’t been able to do that because I’ve felt like I didn’t have the money. You incur levels of debt with credit card companies for example. That then has a knock on effect and you may struggle to pay that because you’ve now got 3 years of commitment on that credit card when you don’t have a job, unless you find one. So you have no income source apart from you’re student loan. That could then damage your credit rating. But circumstances may be that well I had to get that credit card because we couldn’t afford it and I wouldn’t have been able to have such a good time and an enjoyable experience at University, get involved in all the societies and all these things. So that’s a risk.

Researcher: Okay so last question, central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: Umm I think yeah psychologically it would be very strange to not have cash and it to just be numbers. Umm [Pause] I mean as a young person I’m sure I would be able to adapt, I don’t think it would really change my life and I would get used to it. A cashless society, surely the cost of implementing that would be huge? But in terms of how it would affect me I don’t even know. I don’t think it would massively affect the young generation. Again, psychologically it might increase spending and things like that because there is no cash but hopefully that would only be a short term thing. Once it became money, you would be a bit more aware and the psychology of it all wouldn’t be as bad. It’s just the transitional period, people might be spunking money, but once people get over it, it would be fine.

Researcher: Thank you, that’s it.
Interview 8. Participant 8. 4th March 2017 1.30pm. Interview Duration: 8 minutes 44 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with the statement.

Participant: Umm yeah generally I agree with the statement it’s obviously faster than normal transactions. Easier and a more efficient way of paying. Takes less time and on the whole yeah I agree with that statement.

Researcher: Explain why you like or dislike contactless card payment

Participant: You don’t have to faff around with money or change or anything like that. It’s just a simpler alternative and a much quicker way, that’s the main benefit of it.

Researcher: Are there any examples of when you would avoid or refrain from using contactless payment?

Participant: If I’m like in a superstore or a recognised shop, I’m more likely to use it there but if I go to an independent shop. It’s a bit sketchier if it’s not somewhere I’ve been before or I have doubts or it’s a new area I probably won’t use it. Like high street and stuff its fine.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay and EE Cash are expected to increase in popularity in 2017. Briefly explain whether you are likely to use your smartphone to pay, and why?

Participant: Yeah I started using Apple Pay on my phone when it first came available. Because I don’t have a contactless debit card. And the fact that Apple Pay essentially made my debit card contactless was a big advantage for me. I think it’s even more secure than a debit card that’s contactless because it needs my fingerprint at the times of the transaction so it makes it safer than a regular contactless card. And it’s more convenient as well so if you forget your wallet, you will always have your phone on you so it’s more convenient than contactless card probably.

Researcher: Are there any reasons that would inhibit you from using mobile payment apps?

Participant: I can see why there might be a security risk to it, bit personally that’s not a big enough reason for me to not use it.

Researcher: There is previous research that states that different forms of payment can have varying psychological effects in terms of how ‘real’ that payment feels and the sense of ‘pain’ that can be attached. Again, briefly explain whether you agree or disagree with this statement.

Participant: I massively agree with that statement. Simply by comparing my first year at university to this final year, when most of my transactions were cash so you feel more price conscious when you are in a shop. So if you go to Tesco for example and you’re doing your shopping, you look at the prices and you’re physically have an amount of money you have over, so mentally you are aware of the transaction costs. However with mobile payments, it’s more of a, there’s no human interaction you just tap it and go, there’s no physical monetary transaction. So obviously in my eyes I feel I am less aware of the money I have spent in a shop than I would have in first year [paying with cash].
Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of for rising student debt?

Participant: I think yeah you’ve hit the nail on the head when it says lack of financial education. I think it’s also like a lot of young people’s first time being independent with their own money. So it’s the first time living away from home and being responsible for their own bills and that sort of stuff. It’s notprecedented thing for them. It comes from education but also experience. So like if in your first year you are living in a house, you have loads of bills to pay, which you don’t account for, you will take that into account going into next year and things like that. So it’s a mixture of education and experience.

Researcher: What do you consider as the main current and future dangers to students in terms of overspending and getting into further debt?

Participant: I think contactless payment is potentially, because it’s often such a small transaction, it all adds up. You do it quite often, like for example for me there’s a Tesco on the way back from campus. And if I’m popping in like literally five days out of seven in a week, the small transactions add up. So currently that’s an issue and the more integrated contactless payment and things like that get, I think the problem will worsen. For example the amazon store you can walk in and walk out and there’s no transaction whatsoever. That completely eliminates any form of physical payment, it’s just walking in and out. If stuff like that takes off I think it will be a huge contributor to taking away that physical aspect of payment which I think is a big factor in student debt. It psychologically impacts the amount you are spending.

Researcher: Central banks around the World are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: I think personally it would affect my budgeting massively because if it’s a digitalised monetary economy then I think the fact that having cash in hand helps budgeting massively. Making everything electronic everything going in and out, it makes it harder to pinpoint spending. For example with Uber, it’s much easier paying for a taxi with Uber than to hand over £30 [cash]. So yeah examples like that. I think it would be easier to spend more.
Interview 9. Participant 9. 5th March 2017 7pm. Interview Duration: 12 minutes 1 seconds

Researcher: Contactless payment is described as a fast, easy and secure way of paying. Briefly explain whether you agree or disagree with this statement.

Participant: I think it is definitely faster. Umm and yeah definitely easier. I think there was the whole thing when it started about it being insecure because people were worried that people could take money whilst it’s in your wallet when they are standing next to you but I don’t think anyone really worries about that now. I never worry about that. But yeah it is definitely easier day to day.

Researcher: Briefly explain why you like or dislike contactless card payment.

Participant: Just for nipping to the shop it’s useful. Contactless is just better if it’s under the limit because you don’t need to put in your PIN. It can be a bit restrictive in some ways when the upper limit is £30 and the lower limit is sometimes £5 and also normally you don’t get charged if you’ve got contactless.

Researcher: Are there any examples of when you would avoid or refrain from using contactless payment?

Participant: Avoid it? I don’t know. Because I live in London, when I use the train or the tube making multiple journeys I tend not to use it. Just because I know you are charged the same amount each time so I don’t use it as much then. Also it’s harder to keep track of the contactless statements, so you just kind of use it all the time and you just don’t realise how much you are spending.

Researcher: Mobile payment apps such as Apple Pay, Samsung Pay, Android Pay, and EE Cash are expected to increase in popularity in 2017. Explain whether you do already or you are likely to use your smartphone to pay, and why?

Participant: I’ve already got Apple Pay but I don’t actually use it on my phone. I’ve never actually used my phone to pay contactlessly in a shop. I’ve just always got my normal card for that. I think I just don’t associate my phone for paying really at the moment. It’s just not really a substitute for a contactless card at the moment.

Researcher: Are there any reasons that would inhibit you from using mobile payment apps?

Participant: Most of the time it doesn’t work, sometimes you have to scan it like four times and then it doesn’t work and it buzzes at you. It is a lot of trouble to set up as well. I don’t know if it’s old fashioned but I’m just used to using a card to pay for things.

Researcher: Different payment forms can have varying psychological effects in terms of how ‘real’ the payment feels and the sense of ‘pain’ that can be attached to the payment. Again, briefly explain whether you agree or disagree with this statement, from your own experience.

Participant: I think probably the most guilt is when you are physically putting your PIN in and spending money because if you are over the limit on a contactless card you do have to put your PIN in. You can go around guilt free most of the time as it’s only a bit [of money] at a time with the contactless or even
online. If it feels like a lot of money. Because you aren’t actually handing over any money, it doesn’t feel as bad.

Participant: What type of payment makes you less conscious or aware of the money you are spending and why?

Participant: I think probably my contactless I am less aware of what I am spending just because it’s like £10, £20 here and there isn’t it. It all adds up.

Researcher: Student debt in the UK has reached an unprecedented level of notoriety. This has been partly attributed to a lack of financial education. Do you agree with this, and what other reasons can you think of that have led to increased student debt?

Participant: Yeah I do agree with that. I certainly struggled in my first year with budgeting. You’ve never had to do it before you come to uni. It’s just all the unexpected bills and stuff. You are initially given a big chunk of your student loan at the beginning which seems like a good thing, but you don’t actually know where that money goes. Thinking of how much you have to put aside each course, rent or bills you’ve forgotten about. In terms of why there’s more student debt, I think its rent. For all students at the moment, I think it’s extortionate.

Researcher: What do you consider as the main current or future dangers to students in terms of overspending or getting into further debt?

Participant: I think just the expense of everything in London is quite a big contributing factor and also it depends if there is any change to tuition fees as well. Because there has been so much instability around whether it’s going to stay the same or go up or how much interest people are getting charged Because you kind of just get the loan when you are young and then don’t really think about having to pay it back.

Researcher: Central banks worldwide are looking to replace cash completely with methods such as contactless and mobile payment. How would a ‘cashless society’ affect your own personal experiences as a consumer?

Participant: For me there’s quite a lot of things I have to pay for in cash like singing lessons and all stuff to do with that so if it was like credit card, I wouldn’t be allowed. Some people if you don’t know them that well don’t really want them having your bank details. I think it creates a whole new market and ways of how you can take money. Because if you are paying by bank card you don’t have to pay then and there so if you never see them again, they might not ever pay. Everyone can pay for things in an instant contactlessly but not everyone has a card machine. It’s sometimes easier to have cash in hand.

Researcher: Could you see any significant effects on your spending habits if we were in a cashless society?

Participant: I think I would spend a lot more. If you’ve got a bit of cash on you, you are more aware. However if you are just going around without a care, just doing everything contactlessly, it just seems harder to keep track of your spending. Even with things like online banking and stuff like that. Just because it is so readily available.