

E-Money and Consumer Spending Behavior on Online Retail Platforms in Sri Lanka

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Abstract

This study investigates the impact of electronic money (e-money) on consumer spending behavior in Sri Lanka's online retail platforms. Although e-money adoption has been rising rapidly, especially post-pandemic, limited studies have explored its effect on consumer spending in the Sri Lankan context. Guided by the Technology Acceptance Model (TAM) and the Theory of Planned Behavior (TPB), this research examines how perceived usefulness, perceived ease of use, and perceived security & risk influence spending behavior. A quantitative, explanatory study design was employed, using a structured online questionnaire distributed via convenience sampling to 200 Sri Lankan consumers aged 18–35, a demographic chosen because of its high digital adoption rate and familiarity with online transactions. Data were analyzed using SPSS through descriptive statistics, correlation, and regression analysis. Results revealed that all three independent variables had a significant and positive effect on consumer spending behavior, with Cronbach's alpha values indicating acceptable reliability (PU = 0.684, PEOU = 0.719, PSR = 0.705, Spending Behavior = 0.733). Findings confirm that e-money encourages higher willingness to spend by offering convenience, trust, and reduced transaction friction. The study highlights behavioral factors such as impulsive purchasing and reduced mental accounting, while acknowledging risks such as overspending and digital exclusion among rural populations. Practical recommendations include enhancing security features of e-money platforms, promoting digital financial literacy, and developing inclusive policies to ensure safe and equitable participation in the digital economy. These insights contribute to filling the regional research gap and provide actionable implications for online retailers, marketers, and policymakers.

Keywords: consumer spending behavior, electronic money (e-money), online retail platforms, technology acceptance model (TAM)