

# Payment account settings matter: A further investigation of the mobile-premium effect on spending

**Rufina Gafeeva**

Independent researcher

**Simon McNair**

University of Leeds, Centre for Decision Research, Leeds University Business School

## Acknowledgements:

We thank Eleanor Faragher-Siddall for her help with data collection.

## Cite as:

Gafeeva Rufina, McNair Simon (2019), Payment account settings matter: A further investigation of the mobile-premium effect on spending. *Proceedings of the European Marketing Academy*, 48th, (8156)

Paper presented at the 48th Annual EMAC Conference, Hamburg, May 24-27, 2019.



# Payment account settings matter: A further investigation of the mobile-premium effect on spending

## **Abstract**

Despite the rapid proliferation of mobile payment, how their actual usage will affect consumer behaviour remains relatively unknown. Existing research documents a card-premium effect of higher spending when paying with card than with cash due to a reduced transparency of the transaction. We employ a field study and an online experiment to examine consumer spending with mobile payment and card payment. In addition to the physical payment form (card vs. mobile phone), we differentiate between the payment account settings (automatic debit vs. manual deposit), i.e., the access method of the payment account of a digital payment mode to monetary resources. We find that it is not the difference in physical payment form that results in higher spending but the difference in payment account settings: Automatic debit payment accounts settings result in higher spending compared to Manual deposit payment account settings due to a higher perception of affordability.

**Keywords:** *retail payments; mobile payment; consumer spending*

**Track:** Retailing & Omni-Channel Management