

How You Pay Changes What You Spend

Money

The evidence on payment method and spending, and what to do with it.

Studies repeatedly find that less tangible payment methods are associated with higher spending — an effect usually attributed to reduced psychological salience.

FRICTION

reduces spend

CASH

most tangible

STORED CARD

least

- Card spending tends to exceed cash spending on the same purchase.
- Contactless removes another step of deliberation.
- Stored cards remove the friction entirely.
- Splitting a bill by app reduces awareness of individual cost.
- Cash for discretionary categories imposes a natural limit.
- The effect is about attention, not about morality.

LOOK FOR IT

A weekly cash allowance for eating out and coffee makes the limit visible without any tracking.

General education. Use the friction deliberately: card for fixed costs, cash or a separate card for discretionary ones.