
The influence of Financial Technology on Impulse Buying in Gen Z moderated by Financial Literacy

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Abstract

The aim of this research is to examine the influence of Financial Technology on impulse buying in Gen Z which is moderated by financial literacy. This study uses a quantitative approach. The sample used was 89 respondents from economic education study program students using fintech payment applications. Samples were taken using the purposive sampling method. Data analysis using the SmartPLS application. The results of the research show that financial technology related to the use of fintech payments has a negative influence on impulsive purchases but is not significant. Financial literacy has a negative influence on impulsive purchases but is not significant. Financial literacy significantly weakens the influence of fintech on impulsive purchases. The research results cannot be generalized to Gen Z on research objects in different places.

Keywords: *Financial Technology, Financial Literacy, Impulse Buying*

INTRODUCTION

The development of the current era has led to increasingly varied transaction spaces available, becoming more flexible and integrative between regions and even countries, so that finding products with a variety of prices is not a difficult thing in line with the development of increasingly sophisticated technology. Generation Z is a generation born between 1995-2010, which is a generation that is close to technology, has an openness to access the internet, and is faster to search for information and search. Generation Z is interested in things that are practical and technology-based. Part of Generation Z are students (Afista et al., 2024; Sari & Ardhi, n.d.; Zainul, 2023). Ease of access to technology, shows a higher tendency for Gen Z to impulse buy (Djafarova & Bowes, 2021; Lestari, 2019; Nasution et al., 2022; Venia et al., 2021; Zainul, 2023).

Research conducted by Visa Indonesia shows that digital wallets or e-wallets are the most widely used digital payment method by generation Z. President director of Visa Indonesia Riko Abdurrahman said that the digital payment method most widely used by gen Z in Indonesia is a digital wallet or e-Wallet 89 percent, followed by debit or credit cards 76 percent and QR codes 67 percent. Research titled Consumer Payment Attitudes Study 2022 from Visa also shows that Gen Z is the group that uses the most non-cash payment methods. (Republika, 2023).

Generation Z needs to have good financial literacy, in order to be wise in making financial transactions, one of which is impulsive buying, Impulsive buying is an English term meaning impulsive shopping. In other words, impulsive buying is a person's desire to buy a product in large quantities suddenly without going through a long consideration and thought process (NISP, 2023). This may happen because generation Z does not want to be left behind in a trending moment, it is also mentioned that generation Z has consumptive behavior caused by FOMO (Fear Of Missing Out) (Feirisa, 2023). Financial literacy is the skills and knowledge that enable a person to make informed and effective decisions with all their financial resources (Kristanto & Gusaptono, 2021). Someone who has good financial literacy will be expected to be able to plan good finances and is not easy to do impulse buying, some previous research results show that financial literacy has a negative effect on impulse buying (Yudasella & Krisnawati, 2019). As the next generation of the nation growing up with technology at their fingertips, Generation Z needs the skills to manage finances well, must be able to manage finances well so that financial literacy is needed in order to bring great benefits to their own future and the economy as a whole (sikapiuangmu.ojk.go.id, 2024).

The development of technology is growing rapidly, significantly changing the use of technology in the financial sector and shaping the era of digitalization. These changes include changes to the digital payment system, or what is commonly known as cashless payment. This change is in line with Bank Indonesia's statement which shows an increase in the value of digital money transactions by 64.48% in 2021. The government also supports the creation of a cashless society in Indonesia. This innovation was followed by the National Non-Cash Movement (GNNT) program from Bank Indonesia on August 14, 2014. The GNNT program is intended to increase public awareness of the use of digital payment instruments, in line with this movement in 2016, Bank Indonesia passed Bank Indonesia regulation No. 18/40/PBI/2016 which was issued regarding the implementation of payment transaction processes related to Financial Technology (Fintech) (Indonesia, 2020). BI realizes that payment systems need to adapt to the presence of digital technology. To that end, BI has published the Indonesian Payment System (SPI) 2025 blueprint, one of whose visions supports the digitalization of banking as a key institution in the digital financial economy, both through open-banking and the use of digital technology and data in the financial business.

Fintech is technology that supports financial innovation to create new business models, applications, processes, or products that have value in financial markets, financial institutions, and the provision of financial services (Afista et al., 2024; Sari & Ardhi, n.d.; Zainul, 2023). Fintech offers efficient and effective payment transactions. Fintech payment applications such as Gopay, Shopeepay, Dana and others encourage people to use fintech more often, where these services offer various offers such as coupons, discounts, and cashback. Various promotions certainly encourage interest in using Fintech, especially for Generation Z.

Generation Z needs to have the ability to use fintech properly, so that they will have various alternatives in managing finances so that they are wiser in making the right and effective decisions related to the financial resources they have, as a

generation that is close to technology, has openness to access the internet, and is interested in things that are practical and technology-based, some research results show that financial technology affects financial literacy (Aliyah, 2016; Dara, n.d.; Marpaung, 2021; Mulaswi & Julialevi, 2020; Mustikasari & Noviardi, 2020).

The efficiency and effectiveness of using fintech in carrying out financial transactions, and the existence of FOMO behavior encourages someone to buy something without prior planning. Several previous research results related to the influence of financial technology on impulse buying show that financial technology has a significant positif effect on impulse buying (Alawiyah, 2021; Alfinatu Nikmah, 2023; Aulia et al., 2023; Diaza & Pratnyawati, 2023; Ramadany & Artadita, 2023). H1, financial technology has a positif and significant effect on impulse buying.

Financial literacy is the ability and knowledge that enables a person to use all their financial resources to make informed and efficient decisions. (Kristanto & Gusaptono, 2021), By having good financial literacy skills, it is hoped that generation Z can make the right decisions about using their finances. Several previous research results state that financial literacy has a negative and significant effect on impulse buying (Aulia et al., 2023; Diaza & Pratnyawati, 2023; Hidayatullah et al., 2023; Yudasella & Krisnawati, 2019). H2, Financial literacy has a negative and significant effect on impulse buying.

Rapid technological developments have significantly changed the use of technology in the financial sector and shaped the era of digitalization. These changes include changes to the digital payment system, or what is commonly known as cashless payment, the ease of use of fintech payments, making financial transactions easier. These conveniences can cause positive and negative impacts, one of which is impulse buying behavior, so there is a need for good financial literacy so that Gen Z is wise in managing finances. Based on the phenomena previously described, researchers are interested in researching how the influence of Financial Technology (Fintech) on Impulse Buying is moderated by financial literacy in Generation Z, research will be conducted on PGRI Jombang University students.

METHOD

The type of data in this study is qualitative data which is quantified using a Likert scale which is graded into five categories to measure the independent, dependent and intervening variables. For the purposes of this study, the type of data needed is primary data collected directly from the field through distributing questionnaires which have previously been tested for validity and reliability, the criteria for scoring questionnaires using a Likert scale with the following conditions: SS: Strongly Agree; S: Agree; N: Neutral; TS: Disagree; STS: Strongly disagree. The questionnaire grids for this study are as follows (Abdullah, 2015; Wayan et al., 2016). The research sample is students of the economic education study program who have made transactions using fintech payments totaling 89 respondents, data analysis will be carried out using SmartPLS.

RESULTS AND DISCUSSION

Analysis of research data that has been carried out using smartpls can reveal the results of the research entitled the influence of financial technology on impulse buying which is moderated by financial literacy. The following results were obtained:

A. Outer Model Convergen Validity

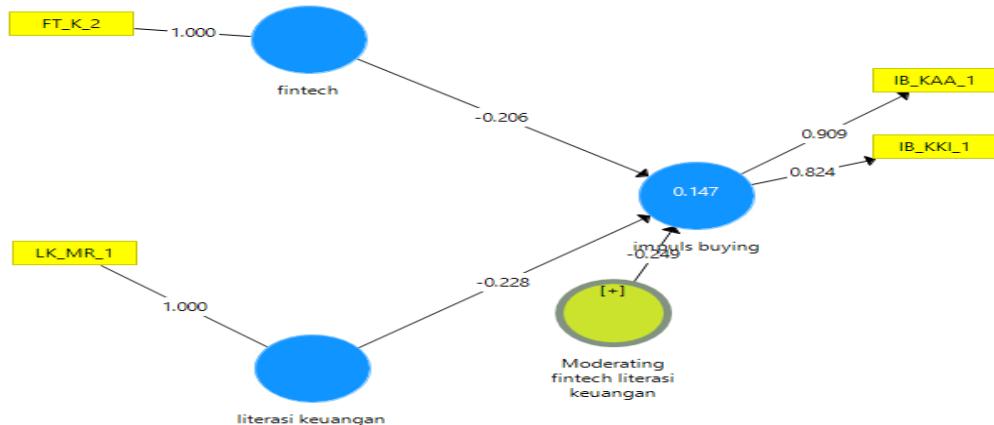


Figure 1. Outer Loading

Based on Figure 1, it can be seen that the outer loading values for all indicators of the Fintech payment, financial literacy and impulse buying variables have values greater than 0.70 so they are said to meet convergent validity, which previously had been eliminated for indicators that had values below 0.70 (Muhson, 2022).

Discriminant Validity

Table 1. Construct Reliability dan Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Fintech	1,000	1,000	1,000
Impuls buying	0,678	0,859	0,753
Financial literacy	1,000	1,000	1,000
Moderating fintech financial literacy	1,000	1,000	1,000

Based on table 1, we can see the discriminant validity of the Avarage Variance Extracted (AVE) value which shows a value above 0.50, which means the discriminant validity is met. The AVE root value can be seen from the following table:

Table 2. Discriminant Validity

	Moderating fintech literasi keuangan	Fintech	Impuls Buying	Literasi Keuangan
Moderating fintech financial literacy	1,000			
fintech	0,031	1,000		
Impuls buying	-0,172	-0,284	0,868	
Literasi keuangan	-0,377	0,307	-0,196	1,000

Model Collinearity Test

The collinearity test can be seen from the VIF (Variance Inflation Factor) value resulting from this research which is smaller than 5.00, meaning that there is no collinearity problem between each variable measured.

Reliability

Table 3. Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted
Fintech	1,000	1,000	1,000	1,000
Impuls buying	0,678	0,721	0,859	0,753
Financial literacy	1,000	1,000	1,000	1,000
Moderating fintech financial literacy	1,000	1,000	1,000	1,000

Table 3, seen from Cronbach's Alpha, rho_A, and Composite Reliability values shows a value of 0.70, meaning the data is considered Reliable.

B. Inner Model

R. Square

Table 4. R-Square

	R-Square	R-Square Adjusted
Impuls Buying	0,147	0,117

R Square is a measure of the proportion of variations in values that are influenced (endogenous) that can be explained by influencing variables (exogenous). R square shows a value of 0.117, meaning that the ability of exogenous variables to influence endogenous variables is 11.7% (weak), so it can be said that the ability of financial technology and financial literacy variables in explaining impulse buying is weak, namely 11.7%, while the remaining 88.3% is the influence of independent variables that were not measured in this study.

Hypothesis Test

Table 5. Path Coefficient

		Ori Sample	Sample Mean	Standart Deviasi	T Statistics	P Value
Moderating	fintech	-0,249	-0,232	0,121	2053	0,043
literasi keuangan						
<u>Impuls Buying</u>						
Fintech		-0,206	-0,208	0,130	1581	0,118
<u>Impuls Buying</u>						
finnancial literacy		-0,228	-0,222	0,120	1910	0,059
<u>Impuls Buying</u>						

Fintech -0.206 (negative), P Value 0.118 > 0.05 (not significant) means that with the increase in the use of fintech payments, impulse buying decreases Financial literacy -0.228 (negative), P value 0.059 > 0.05 (not significant) means that with an increase in financial literacy, impulse buying decreased but not significantly. Fintech Moderation of Financial Literacy on Impulse Buying -0.249 (negative/weakening), P value 0.043 < 0.05 (significant) meaning that financial literacy significantly weakens the influence of fintech on impulse buying

The Influence of Financial Technology on Impulses Buying

The era of digitalization is shaped by rapid technological advances that are changing the use of technology in the financial sector. Digital payment systems—also known as cashless payments—are one of those changes (Indonesia, 2020).

Respondents in this study are generation Z who are still at college age and have not yet worked, they were born between 2004 - 2008, on average they have not worked, they are close to technology, have easy internet access, and are quicker to search and search for information. Respondents have an interest in practical and technology-based things (Afista et al., 2024; Sari & Ardhi, n.d.; Zainul, 2023). The research results show that financial technology has a negative but not significant effect or it can be said that financial technology has no effect on impulse buying, which means that H1 is rejected. The results of this research are in accordance with research that has been conducted previously (Alawiyah, 2021; Halimah et al., 2022; Juviyanty et al., 2015; Prihadi et al., 2022; Rahayu et al., 2023).

The existence of fintech has a negative but not significant effect in this research, indicating that there are many other factors that cause someone to carry out impulse buying actions that were not examined in this research, one of which is the availability of funds for impulse buying (Rahayu et al., 2023). Most respondents do not have their own income, but to buy something they definitely need money to exchange for the product they want. If someone really wants a certain item but doesn't have enough money, they will be disappointed. On the other hand, if someone has a desire to buy the item and they have enough money or even more, they are more likely to make an impulse purchase. Other factors not examined in this research are discount prices and lifestyle which have a positive influence on impulse buying (Surveyandini, 2021).

The Influence of Financial Literacy on Impulses Buying

Financial literacy is the ability and knowledge that enables a person to use all their financial resources to make informed and efficient decisions. (Kristanto & Gusaptono, 2021), By having good financial management skills, it is not easy for someone to impulse buy. The results of this research show that financial literacy has a negative effect on impulse buying, but it is not significant. The results of this research are in accordance with the results of previous research (Aulia et al., 2023; Juviyanty et al., 2015; Mukti et al., 2023; Ramadany & Artadita, 2023; Yudasella & Krisnawati, 2019). Good financial literacy alone is not enough to pressure someone not to impulse buy, the possibility of other variables influencing a person not to impulse buy was not examined in this study, such as the religiosity variable (Hazmi, 2023; Purwanto et al., 2022).

The Influence of Financial Technology on Buying Impulses moderated by financial literacy

Financial technology has great potential to increase impulse buying through various mechanisms that simplify and speed up transactions (Indonesia, 2020). Various eases in using financial technology cause impulse buying, but in research it turns out that various eases in using financial technology are not enough to influence someone to do impulse buying, but other variables need to be taken into account such as availability of funds, discount offers and lifestyle. (Rahayu et al., 2023; Surveyandini, 2021), this impact can be moderated by financial literacy. Consumers with a high level of financial literacy are better able to control their purchasing impulses due to a better understanding of financial management, financial risks, and the use of financial tools (Kristanto & Gusaptono, 2021). Thus, financial literacy serves as an important counterbalance to the potential effects of fintech on impulse buying behavior. The results of the research show that fintech moderation of financial literacy shows negative and significant results, meaning that the existence of financial literacy is able to moderate financial technology on impulse buying. (Kadua et al., n.d.; Mardatillah et al., 2024; Syahbandi et al., 2023).

CONCLUSION

The research results show that Financial Technology has a negative and insignificant effect on impulse buying, Financial literacy has a negative and insignificant effect on impulse buying, Financial literacy can significantly weaken the influence of fintech on impulse buying. The research results cannot be generalized to Gen Z on research objects in different places. Suggestions for future research are for further research to examine variables that have not been researched related to factors that cause impulse buying, as well as factors that can pressure someone not to impulse buy.

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