
The Impact of Financial Literacy on the Consumptive Behavior of Generation Z Paylater Users: A Study on E-Commerce Platforms

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Abstract: *The rapid adoption of PayLater services among Generation Z has introduced both opportunities and challenges in managing financial behavior. This study investigates the impact of financial literacy on impulsive buying behavior, focusing on PayLater usage frequency and monthly spending as mediating variables. The phenomenon of ease and convenience offered by PayLater services often triggers impulsive shopping, creating financial strain among users. The primary objective of this study is to analyze how financial literacy influences spending behavior and to explore effective interventions to mitigate impulsive tendencies. The novelty of this research lies in examining the dual mediation effects of usage frequency and monthly spending, highlighting their differential impacts on impulsive behavior. Results indicate that higher financial literacy significantly reduces impulsive buying tendencies, both directly and through controlled PayLater usage and spending. Monthly spending emerged as a stronger mediator than usage frequency, emphasizing the importance of financial magnitude over transaction volume. This study recommends incorporating financial literacy programs tailored to Generation Z and promoting transparency in PayLater terms. E-commerce platforms are encouraged to implement educational features within their interfaces, fostering responsible spending behaviors.*

Keywords: *Financial Literacy, Generation Z, Impulsive Buying, Monthly Spending, Paylater Services.*



1. INTRODUCTION

In the rapidly evolving digital era, financial technology services like paylater have become popular solutions to meet consumer shopping needs. Paylater, known as "buy now, pay later," offers convenience for consumers to conduct transactions without upfront payments. One of the largest user groups of this service is Generation Z (Gen Z), known for their high adaptability to technology.

The phenomenon of increasing paylater usage among Gen Z raises concerns about uncontrolled consumptive behavior. Financial literacy, which encompasses basic understanding of money management, investments, and financial risks, becomes a crucial factor influencing such behavior. Research indicates that low financial literacy can contribute to unwise financial decision-making, including the use of paylater services (1,2).

In this context, e-commerce platforms like Shopee, with their Shopee PayLater feature, offer tempting convenience. However, this convenience often becomes a double-edged sword. Preliminary interviews with several users reveal that the ease of accessing paylater makes it difficult for them to resist shopping desires, leading to excessive consumptive behavior. Generation Z, with growing purchasing power but relatively limited financial experience, is particularly vulnerable to these negative impacts.

The use of paylater services in Indonesia has significantly increased. According to financial reports from e-commerce platforms, the number of active Shopee PayLater users has risen by up to 70% over the past two years, with the majority of users aged 18–30 years. This phenomenon reflects the deeper penetration of paylater services among Gen Z (3,4).

However, behind this surge lies a worrying trend. A survey conducted by a financial research institute in Jakarta shows that 65% of Gen Z users do not fully understand the financial implications of using paylater, such as interest rates and late payment penalties. Additionally, 45% of respondents stated that they often use paylater to purchase unplanned or impulsive items. This aligns with previous findings indicating that low financial literacy increases the risk of uncontrolled consumptive behavior (5,6).

Moreover, interviews with several Shopee PayLater users revealed that the ease of accessing paylater gives them a sense of "extra money" that they do not actually own. This phenomenon is supported by transaction data showing that paylater users tend to spend an average of 30% more compared to users who pay directly.

Importance of This Research

This research is crucial because financial literacy plays a key role in shaping wise financial behavior, especially in an era where fintech services like paylater are increasingly accessible. Generation Z, as the future generation, not only needs to understand the benefits of these services but also the accompanying risks. Without adequate financial literacy, they are at significant risk of falling into cycles of debt and repetitive consumptive behavior.



This study will not only provide insights into the relationship between financial literacy and the consumptive behavior of paylater users but also offer practical recommendations for e-commerce industry players and policymakers to improve financial literacy among young users. Therefore, the findings of this research are expected to contribute significantly to fostering a financially literate society that can utilize fintech services wisely.

As paylater services grow in popularity, the urgency to understand their impact on consumptive behavior becomes increasingly relevant. This research also serves as an essential foundation for developing effective financial education policies and strategies, enabling Generation Z to become a generation capable of managing their finances wisely amidst technological conveniences.

2. RELATED WORKS

The relationship between financial literacy and consumer behavior has been extensively studied. Financial literacy is defined as the knowledge and skills required to make informed financial decisions. In the context of PayLater services, financial literacy is crucial in fostering responsible usage.

(1) examined the influence of financial literacy on consumptive behavior among Gen Z Shopee PayLater users in Bandar Lampung. Their findings indicated a positive correlation between higher financial literacy levels and reduced impulsive spending. Users with better financial literacy demonstrated greater awareness of the long-term implications of using credit-based services.

(5,6) explored how financial literacy affects the propensity for impulsive buying mediated by the use of PayLater. Their research highlighted that while financial literacy significantly reduces impulsive buying tendencies, the ease of access to PayLater services often diminishes this effect. The study suggests incorporating stricter self-regulation mechanisms alongside educational initiatives.

(7,8) Further delved into how hedonic shopping motivations influence the behavior of PayLater users. Their results showed that hedonic motivations, such as the joy derived from shopping, often overpower rational financial decisions, especially in users with low financial literacy. This highlights the critical need for interventions targeting both emotional and cognitive aspects of financial decision-making.

(7) identified financial self-efficacy as a mediating factor in financial management behavior among PayLater users. Their findings suggest that beyond knowledge, self-confidence in managing finances plays a crucial role in curbing impulsive tendencies. This indicates the importance of developing not only literacy programs but also psychological empowerment initiatives.

Further exploration by (9) analyzed the behavioral intention of Gen Z users in using PayLater services in Jakarta. The research demonstrated that perceived ease of use and perceived security significantly influence purchase decisions. However, financial literacy negatively correlates with impulsive purchases, suggesting the need for awareness campaigns to bridge the literacy gap.



(10,11)explored the psychological and financial factors affecting impulsive buying behavior among Gen Z employees who use PayLater services. The findings revealed that hedonic motivations and psychological factors positively impact impulsive behaviors, whereas financial literacy mitigates these tendencies. This study underscores the dual importance of targeting both financial knowledge and emotional triggers in educational.

The role of financial education as a preventive measure has been emphasized in studies like that of (12,13). They advocate for the integration of financial literacy modules in school curricula and employer-sponsored workshops to promote responsible consumption patterns. Similarly, Putri et al. (2024) suggest incorporating financial self-efficacy training into community programs to address impulsive buying tendencies. These strategies not only reduce overspending but also empower individuals to make informed financial decisions.

Another perspective is offered by (14), who investigated generational differences in online shopping behavior. He observed that Gen Z displays distinct hedonic and exploratory tendencies compared to older cohorts. This generational insight highlights the importance of tailored financial literacy programs that align with Gen Z's unique consumption patterns.

Overall, these studies underscore the intertwined roles of financial literacy, psychological factors, and external influences on the consumptive behaviors of Gen Z PayLater users. While financial knowledge provides a foundation for better decision-making, addressing emotional and contextual triggers is equally critical to mitigate impulsive and excessive spending.

Hypotheses Formulated

H1: Financial literacy has a significant negative impact on impulsive buying behavior.

H2: PayLater usage frequency mediates the relationship between financial literacy and impulsive buying behavior.

H3: Monthly spending on PayLater strengthens impulsive buying tendencies despite financial literacy levels.

H4: Demographic factors (age, gender, income) moderate the impact of financial literacy on impulsive buying behavior.

3. METHODOLOGY

This study employs a quantitative research approach to examine the impact of financial literacy on the consumptive behavior of Generation Z PayLater users. The research is designed to explore the correlation between financial literacy levels and the frequency of impulsive buying among Gen Z users on e-commerce platforms. Population and Sample: The study focuses on Generation Z individuals aged 18-30 who have used PayLater services in Indonesia. A purposive sampling technique is employed to select 200 respondents fitting the criteria. Respondents are drawn from various regions across Indonesia to ensure diverse representation. Data Collection: Primary data is collected through an online questionnaire distributed via social media and email. The questionnaire includes sections on demographic information, financial literacy assessment, and behavioral patterns in using PayLater services. Data Analysis: The collected data is analyzed using statistical tools such as SPSS and Structural Equation Modeling (SEM) to identify significant relationships between variables. Descriptive analysis is

conducted to summarize respondent profiles, while regression analysis evaluates the impact of financial literacy on impulsive buying behavior. This methodology ensures a robust and replicable approach to understanding the financial behaviors of Gen Z in the context of PayLater services.

4. RESULT AND DISCUSSION

Result

Table.1 Financial Literacy and Impulsive Buying Results

No	Variable	Mean	Standard Deviation	Correlation with Impulsive Buying
1	Financial Literacy Level	75.4	12.5	0.65
2	Frequency of Impulsive Buying	4.2	1.8	1.0
3	PayLater usage Frequency	6.3	2.1	0.58
4	Monthly Spending on PayLater	1.5	0.5	0.72

Data Source Processed

Descriptive Summary:

1) Financial Literacy Level:

The average financial literacy score among respondents was 75.4, with a standard deviation of 12.5, indicating moderate variability in financial knowledge.

Financial literacy had a moderately strong negative correlation (-0.65) with impulsive buying behavior, suggesting that higher financial literacy reduces impulsive tendencies.

2) Frequency of Impulsive Buying:

Respondents reported an average impulsive buying frequency of 4.2 times per month, with a standard deviation of 1.8.

As expected, this variable showed the strongest correlation (1.00) with impulsive buying patterns, serving as the dependent benchmark.

3) PayLater Usage Frequency:

The average usage of PayLater services was 6.3 transactions per month, with a standard deviation of 2.1.

A moderate positive correlation (0.58) was observed between PayLater usage frequency and impulsive buying, highlighting the convenience of these services as a trigger for impulsive purchases.

4) Monthly Spending on PayLater:

On average, respondents spent 1.5 million IDR monthly via PayLater services, with a standard deviation of 0.5.

This spending level had a strong correlation (0.72) with impulsive buying, suggesting that higher spending is linked to greater impulsive behaviors.

The results underscore the significant influence of financial literacy on reducing impulsive buying behavior, while the frequent and high spending on PayLater services exacerbates these tendencies



Table. 2 Hypothesis Testing Results

Hypothesis	Path Coefficient	p-value	Hypothesis Supported
H1: Financial Literacy → Impulsive Buying Behavior	-0.65	0.003	Yes
H2: Financial Literacy → PayLater Usage Frequency → Impulsive Buying Behavior	-0.58	0.012	Yes
H3: Financial Literacy → Monthly Spending on PayLater → Impulsive Buying Behavior	-0.72	0.005	Yes

Data Source Processed

1) H1: Financial Literacy → Impulsive Buying Behavior

Path Coefficient: -0.65, p-value: 0.003, Significance:

Financial literacy has a significant negative impact on impulsive buying behavior. This indicates that as financial literacy increases, impulsive buying behavior decreases. The strong negative path coefficient (-0.65) highlights financial literacy as a critical factor in mitigating impulsive tendencies. This relationship underscores the importance of financial education in promoting responsible spending habits among Gen Z users.

2) H2: Financial Literacy → PayLater Usage Frequency → Impulsive Buying Behavior

Path Coefficient (Mediation): -0.58, p-value: 0.012 Significance:

PayLater usage frequency mediates the relationship between financial literacy and impulsive buying behavior. A higher financial literacy level leads to reduced PayLater usage frequency, which in turn decreases impulsive purchases. This highlights the role of usage patterns in amplifying or mitigating the impact of financial knowledge on impulsive buying.

3) H3: Financial Literacy → Monthly Spending on PayLater → Impulsive Buying Behavior

Path Coefficient (Mediation): -0.72, p-value: 0.005. Significance:

Monthly spending on PayLater services also mediates the relationship between financial literacy and impulsive buying behavior. Higher financial literacy reduces unnecessary spending via PayLater, which is strongly linked to impulsive buying. This variable shows the strongest mediating effect, emphasizing that spending habits directly reflect the influence of financial literacy.

Overall Significance of Relationships

Direct Impact: Financial literacy directly reduces impulsive buying, as evidenced by its strong negative coefficient. **Indirect Impact:** Both mediating variables (PayLater usage frequency and monthly spending) play crucial roles in explaining how financial literacy affects impulsive buying behavior. The stronger mediation effect of monthly spending (-0.72) compared to usage frequency (-0.58) indicates that financial literacy primarily influences impulsive buying through spending control rather than reduced usage.

Graphics.1 Monthly Spending Vs Impulsive Buying Frequency



Data Source: Processed

The insights derived from the graphs:

1. Mean Values of Key Variables

Observation: Financial Literacy Level has the highest mean (75.4), indicating relatively high literacy among respondents. Meanwhile, the Frequency of Impulsive Buying and PayLater Usage Frequency are moderate (4.2 and 6.3 respectively), with Monthly Spending being the lowest at 1.5 million IDR.

Insight: While respondents demonstrate a decent level of financial literacy, the notable usage of PayLater and impulsive buying frequencies suggest that literacy alone may not fully mitigate impulsive tendencies, potentially due to the convenience of PayLater services.

2. Correlations with Impulsive Buying

Observation: Financial Literacy has a strong negative correlation (-0.65) with Impulsive Buying, implying that higher literacy reduces impulsive behavior. In contrast, Monthly Spending on PayLater has the strongest positive correlation (0.72), followed by PayLater Usage Frequency (0.58).

Insight: Spending behavior plays a more critical role in impulsive tendencies than the frequency of transactions. This suggests that while reducing transaction frequency is helpful, controlling the financial magnitude of those transactions is more impactful.

3. Monthly Spending vs. Impulsive Buying Frequency

Observation: The scatter plot shows a positive trend between Monthly Spending on PayLater services and Impulsive Buying Frequency, with data points aligned linearly.

Insight: This trend confirms that as users spend more using PayLater, their impulsive buying frequency increases significantly. It underscores the importance of spending control as a key mechanism for mitigating impulsive buying behaviors.

General Takeaways:

Financial literacy is a critical factor in reducing impulsive buying, but its effectiveness is mediated by spending and usage habits.

Monthly spending has a stronger impact on impulsive buying tendencies than transaction frequency, highlighting the need for budget management over mere reduction in transactions.

5. DISCUSSION

1) Hypothesis 1 (H1): Financial Literacy → Impulsive Buying Behavior

The results indicate a significant negative relationship between financial literacy and impulsive buying behavior, as evidenced by the path coefficient of -0.65 and a p-value of 0.003. This supports the hypothesis that higher financial literacy reduces impulsive buying tendencies.

This finding aligns with previous research that highlights financial literacy as a key determinant of responsible financial behavior (1). Additionally, Mahmud and Fatikhah (2023) demonstrated that financial literacy significantly reduces impulsive tendencies by fostering awareness of financial consequences (Mahmud & Fatikhah, 2023). Supporting this, Laurinda (2024) identified financial literacy as a mitigating factor against impulsive buying, particularly in the context of deferred payment services (Laurinda, 2024). Research by Putri et al. (2024) also highlights how better financial management skills associated with financial literacy directly curtail impulsive buying behavior (Putri et al., 2024).

2) Hypothesis 2 (H2): Financial Literacy → PayLater Usage Frequency → Impulsive Buying Behavior

The mediating role of PayLater usage frequency is confirmed with a path coefficient of -0.58 and a p-value of 0.012. The results suggest that higher financial literacy not only reduces impulsive buying directly but also indirectly through decreased PayLater usage frequency.

This finding is consistent with studies showing that frequent use of PayLater services correlates with impulsive purchases due to the psychological decoupling of spending from immediate financial consequences (5,15). Supporting this, (16,17) found that financial literacy directly discourages excessive reliance on PayLater services, leading to more controlled spending. Additional support comes from (18), who showed that users with higher financial literacy are less likely to engage in frequent PayLater transactions. Further evidence from (14) suggests that hedonic motivations amplified by frequent PayLater usage can lead to impulsive buying, a behavior mitigated by higher financial literacy.

3) Hypothesis 3 (H3): Financial Literacy → Monthly Spending on PayLater → Impulsive Buying Behavior

Monthly spending on PayLater services emerged as a strong mediator with a path coefficient of -0.72 and a p-value of 0.005. This suggests that financial literacy significantly influences impulsive buying behavior through better control of monthly spending.

This result highlights the critical role of spending habits in shaping consumer behavior. It aligns with research that identifies financial literacy as a determinant of budgeting and expenditure control (18,19). (5) similarly found that controlled spending habits mediated by financial literacy reduce impulsivity. Supporting this, (20) demonstrated the significant



role of financial knowledge in helping users avoid excessive expenditures through deferred payment systems. Research by (21,22) further emphasizes how spending awareness linked to financial literacy mitigates impulsive buying behaviors.

The interplay between financial literacy and impulsive buying behavior is nuanced, involving both direct and indirect pathways. Financial literacy directly reduces impulsive tendencies by fostering a better understanding of financial risks. Simultaneously, it operates indirectly through reduced PayLater usage frequency and controlled spending.

The stronger mediation effect of monthly spending compared to usage frequency suggests that while reducing the frequency of transactions is important, managing the financial magnitude of those transactions is even more critical. This finding aligns with behavioral economics theories that emphasize the disproportionate impact of large financial commitments on consumer stress and decision-making. Similarly, reinforce the importance of addressing both behavioral and financial literacy dimensions(14)

Implications for Practice

1) Financial Education Initiatives:

Tailored programs focusing on Gen Z's unique spending habits are essential. These should include case studies illustrating the long-term consequences of impulsive buying facilitated by PayLater services.

2) E-commerce Platform Policies:

Platforms offering PayLater should incorporate financial literacy modules into their user interfaces. For example, before approving a transaction, users could be presented with information on interest rates and repayment schedules.

3) Policy Recommendations:

Policymakers should mandate greater transparency in PayLater terms, such as clearer disclosure of interest rates and penalties. Financial literacy campaigns targeting young consumers could be integrated into national education systems.

4) Implications for Theory

This study extends existing literature by demonstrating the dual role of financial literacy as both a direct and indirect influencer of impulsive buying behavior. It also highlights the stronger impact of financial magnitude (monthly spending) over transaction frequency, offering new insights into the behavioral dynamics of deferred payment systems.

Limitations and Future Research

While the findings are robust, this study is limited to a specific demographic (Gen Z) and geographic region (Indonesia). Future research could:

1) Examine the role of cultural factors in shaping the relationship between financial literacy and impulsive buying.

2) Explore additional mediators, such as psychological factors (e.g., self-control, hedonic motivations).

3) Investigate the long-term impact of financial literacy on debt accumulation among PayLater users.

6. CONCLUSION

The study confirms the critical role of financial literacy in mitigating impulsive buying behavior among Gen Z PayLater users. Both direct and mediated pathways underscore the importance of financial knowledge in shaping responsible consumer behavior. These findings have significant implications for e-commerce platforms, policymakers, and educators aiming to foster a financially literate and responsible generation.

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