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Digital Payments and Consumptive Behavior Among Millennials and Gen Z: The Mediating Role of a Cashless Lifestyle

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Abstract
Driven by cultural shifts in lifestyle and social interaction shaped by the cashless society trend, this study examines the influence of digital payment use on the consumptive behavior of millennials and generation Z by considering the cashless lifestyle as an intermediate variable. The purpose of this study is to find out the extent to which digital payments affect consumptive tendencies in the digital era. This study uses a quantitative approach with a survey method and is analyzed through the Partial Least Square (PLS) technique. The results of the study show that digital payments do not have a direct effect on consumptive behavior, but have an indirect effect through the characteristics of the millennial generation. In addition, both millennials and generation Z have a significant influence on consumptive behavior. The discussion shows that consumption in the younger generation is driven more by lifestyle and social factors than the convenience of technology alone. The conclusion of this study emphasizes the importance of financial literacy and wise consumption education in the midst of financial technology developments. Follow-up research is recommended using a qualitative approach to explore deeper psychological factors and expand the population so that the results can be generalized more broadly.

Keywords: Digital Payment, Consumptive Behavior, Millennial Generation, Generation Z, Cashless Lifestyle

Introduction

Consumptive behavior among Indonesia's urban people has become a significant issue along with economic development and globalization. The change in lifestyle from agrarian to industrial causes people to tend to adopt a consumptive lifestyle, where the purchase of goods and services is often driven by desires rather than needs. Research shows that the socioeconomic status of parents has an effect on students' consumption behavior, where students with limited allowances tend to be more selective in shopping compared to those with more allowance (Melinda et al., 2022). Social pressure also plays an important role in encouraging consumptive behavior, especially among adolescents. Factors such as peer influence, social media, and a desire to be accepted into social groups can trigger individuals to make impulse purchases and follow current trends without rational consideration. Research shows that individuals who feel social pressure tend to behave more consumptive compared to those who don't (Saputra & Naufal Wala, n.d.).

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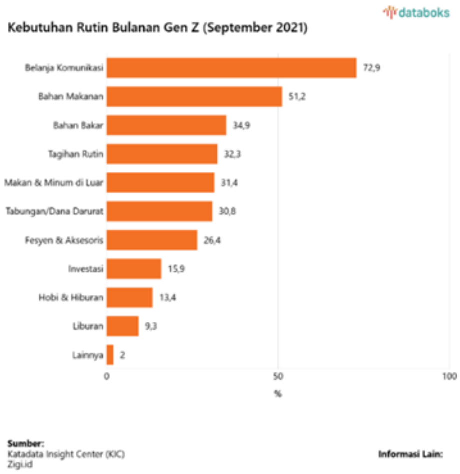

Source: Data (Jayani, 2022)

In addition, a survey conducted by Jakpat in December 2024 showed that around 65% of Gen Z allocates most of their spending to daily necessities such as food and internet. This confirms that basic needs and digital connectivity are top priorities in their consumption patterns.

The consumptive behavior of Generation Z in Indonesia shows an increasing trend, especially in terms of spending on communication and food needs. Based on data from Databoks Katadata, around 72.9% of Generation Z routinely spend money on credit and internet, while another 51.2% allocate funds for groceries. In addition, a survey by Jakpat (2024) shows that around 65% of Generation Z prioritizes spending on daily necessities and digital connectivity. This phenomenon shows the existence of consumption patterns that focus on meeting digital needs and practical lifestyles. The problem that arises is how this consumptive behavior can affect the financial stability of Generation Z in the long term, given the high dependence on routine spending that is not always productive.

According to research by Mulyadi and Handayani (2020), high consumptive behavior among young people can lead to a lack of savings and poor financial planning, thus having an impact on economic welfare in the future. In addition, research from Susilo (2021) shows that digital lifestyles tend to increase impulsive spending due to the ease of transactions through digital payment applications. Therefore, it is important to research how the use of digital payments affects the consumptive behavior of Generation Z, as well as how the cashless lifestyle strengthens these consumption patterns. This will help formulate a wiser financial management strategy for the younger generation in the digital era.

According to research by Galang Rio Adi Saputra (2023), Digital payments affect consumptive behavior, if students use the services provided by digital payments well, there will be lower consumptive behavior in students. Self-control does not moderate digital payments to consumptive behaviors, and self-control cannot strengthen or weaken the influence of digital payments on consumptive behavior. In addition, according to Nikita Mora (2024), there is a positive and significant influence of digital payments on the consumptive behavior of students of the Faculty of Economics and Business, University of Riau. The presence of digital payments makes it easier for students to make daily transactions to meet their needs or desires. Because of the factors of convenience, comfort, and the influence of friends, students choose to use digital payment. Meanwhile, research According to Salsabila (2024), ahwa digital payment has a negative effect on consumptive behavior. This can be interpreted that the more often someone uses e-wallets, it will not necessarily increase the amount or frequency of purchases, there are other factors that are more dominant in influencing consumptive behavior besides the use of digital payments. These contradictory findings strengthen the urgency of further investigation, since digital payment adoption may either exacerbate or mitigate consumptive tendencies depending on contextual factors such as self-control, peer influence, and lifestyle.

Menerut Perdana (2022) lifestyle partially has a positive and significant effect on consumptive behavior of online shopping through the TikTok platform. This means that lifestyle is increasing, so the consumptive behavior of shopping online through the TikTok platform is increasing. In addition, according to Afifah &Yudiantoro (2022) Lifestyle has a positive and significant effect on consumptive behavior. Because there are several factors that cause lifestyle to be very influential, namely the development of knowledge, the dissemination of widespread information, and making lifestyle changes for students starting from dressing, socializing and other activities. Meanwhile, in Nabila's (2025) study, lifestyle has no effect on consumptive behavior. This means that while an individual's lifestyle may reflect spending patterns, it does not directly affect an individual's tendency to behave in a consumptive manner. This contradiction in lifestyle research further clarifies the research gap, showing that lifestyle may act as a contextual factor rather than a consistent determinant. Hence, this study aims to contribute by analyzing how digital payments influence consumptive behavior through the mediating role of the cashless lifestyle, while addressing these inconsistencies in previous literature.

Method

This study is an associative quantitative**,** because it aims to test the relationship between variables, namely the influence of digital payments on consumptive behavior with a cashless lifestyle as a mediator. Statistical analysis using the Partial Least Square (PLS) method, indicates a structural approach in testing the model of relationships between variables. The population in this study is millennials and generation Z who use digital payments. The sample consisted of 100 respondents, the majority of whom were female (67%), aged 21–25 years (47%), and had the status of students or students (52%). Most of the respondents had a monthly income of less than three million rupiah, reflecting the lower middle economic group. The use of a convenience sample is acknowledged as a methodological limitation because it may reduce generalizability; however, PLS-SEM is considered robust with smaller and non-probability samples, making it suitable for exploratory research of this kind. Data was collected through the distribution of online questionnaires. This questionnaire measures respondents' perceptions and behaviors towards the use of digital payments, cashless lifestyles, and their levels of consumption. The research instrument has been tested for validity and reliability with the results of outer loading, composite reliability, and AVE that show feasibility of use. Analysis using PLS shows that digital payments do not have a significant direct effect on consumptive behavior. However, digital payments have an indirect effect through the millennial generation. In addition, millennials and generation Z have a significant influence on consumptive behavior.

Results and Discussion

Respondent Profile

Table 1. Respondent Profile Result

Item	Type	Respondent	Percentage (%)
Gender	Man	33	33%
	Woman	67	67%
Education Status	High School/Vocational School/Equivalent	55	55%
	Diploma	1	1%
	Bachelor	44	44%
Work	Student/Student	52	52%
	Private employees	28	28%
	Self employed	20	20%
Age	17-20	27	27%
	21-25	47	47%
	26-30	11	11%
	>30	15	15%
Monthly Income	<1jt	30	30%
	1mt-3mtt	29	29%
	3mt-5mtt	15	15%
	>5jt	26	26%

This table shows the demographic distribution of respondents in the study. In terms of gender, the majority of respondents were women (67%), while men amounted to 33%. This shows that the views and behaviors analyzed in this study are more influenced by women's perspectives.

For educational status, most of the respondents had a high school/vocational/equivalent education (55%), followed by undergraduate graduates (44%), and only 1% had a diploma background. This suggests that most respondents are in the early stages or are pursuing higher education, so they are most likely to be in the early adult developmental phase, according to the identified age group.

In the job category, the majority are students or students (52%), followed by private employees (28%) and self-employed (20%). This indicates that most respondents are still in the process of transitioning to financial and career independence, an important aspect of early adult development.

In terms of age, 47% of respondents were 21–25 years old and 27% were 17–20 years old. This reinforces the conclusion that most respondents are in the early adulthood stage, which is a critical phase in the formation of identity, independence, and direction of life.

In terms of monthly income, the majority of respondents have an income below 3 million rupiah, with 30% earning less than 1 million, and 29% in the range of 1-3 million.

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This is in line with the employment data dominated by students and college students, who generally do not have a fixed or high income.

Outer Model

Table 2. Outer Model Result

Variabel	Outer Loading	Composote Reliability	AVE
DP	0,667 – 0,859	0,909	0,626
GM	0,632 – 0,857	0,913	0,640
GZ	0,689 – 0,833	0,893	0,584
PK	0,757 – 0,853	0,911	0,630

This table displays the validity and reliability of the constructs used in the model. The four main variables (DP, GM, GZ, PK) show an outer loading value ranging from 0.632 to 0.859, indicating that these indicators are generally valid in measuring their respective variables.

The Composite Reliability value of all variables was above 0.8 (between 0.893 to 0.913), indicating that the research instrument had excellent internal consistency. AVE (Average Variance Extracted) is also above 0.5 for all variables, indicating that the construct has adequate convergent validity. This means that the respondents' perception and behavior towards each variable have been well measured and trustworthy.

R Square

Table 3. R Square Result

	R Square
Millennial Generation	0,403
Consumptive Behavior	0,223

In this table, the R-Square value shows how much the free variable is able to explain the bound variable. For the Millennial Generation **variable,** an R-Square value of 0.403 means that about 40.3% of the variability in this construct can be explained by the model. As for Consumptive Behavior**,** the R-Square value was only 0.223, meaning that the influence of free variables on respondents' consumptive behavior was quite low—around 22.3%. This may reflect the presence of other external factors that have not been described in the model.

Path Coefficient

Table 4. Path Coefficient Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (STDEV)	P Values
DP-> GM	0,635	0,639	0,090	7,049	0,000
DP -> PK	-0,152	-0,160	0,152	0,999	0,318

GM -> PK	0,342	0,341	0,149	2,303	0,022
GZ -> PK	0,320	0,335	0,127	2,518	0,012
ME 1 -> PK	0,029	0,023	0,062	0,475	0,635

The results of the analysis of the table show the relationship between the variables:

- **DP → GM** (0.635, p < 0.001): showed a significant positive relationship. This means that the DP dimension (most likely related to psychological dynamics or personal development) has a great influence on GM (Millennial Generation). This is consistent with the fact that the majority of respondents are millennials.
- **DP → PK** (-0.152, p = 0.318): insignificant. The DP factor does not directly affect the consumptive behavior of respondents.
- **GM → PK** (0.342, p = 0.022): significant. This means that the identity or characteristics of the millennial generation play an important role in shaping consumptive behavior.
- **GZ → PK** (0.320, p = 0.012): also significant. If GZ represents Generation Z, then even though the population is not dominant, their characteristics still affect consumption patterns.
- **ME 1 → PK** (0.029, p = 0.635): not significant, suggesting that the factor ME 1 (not explicitly explained) does not affect consumptive behavior.

Spesific Indirect Effect

Table 5. Spesific Indirect Effect Result

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
DP-> GM-> PK	0,217	0,222	0,109	1,988	0,047

The results of the analysis in the table show that:

- **The DP pathway → GM → PK** had a significant effect (0.217, p = 0.047), meaning that although DP did not directly affect PK, it had an indirect effect through GM. This confirms that psychological or developmental factors of the individual play a role in shaping the identity of millennials, which in turn influences consumptive patterns.

Digital Payments for the Millennial Generation

Digital payments show a significant positive relationship with the Cashless Lifestyle in Millennial Generation. These findings indicate that attitudes, subjective norms, and perceived behavioral controls significantly affect the intention of the millennial generation in Eastern Indonesia to adopt QRIS (Tatian *et al.*, 2024). These results are in line with the research of Gultom *et al*(2023) who found that the perception of benefits and trust has a positive effect on the preference for using QRIS among Jakarta millennials. Both studies highlight the importance of psychological and social factors in the adoption of digital payments by millennials. These findings support the Theory of Planned Behavior (Ajzen, 2020), which states that the intention to behave is determined by attitudes towards behavior, subjective norms, and perceived control of behavior. In this context, a positive attitude towards the ease and security of digital payments, as well as the social influence of the surrounding environment, encourages millennials to use services such as QRIS. In addition, the perception of control over the use of technology also plays an important role in their decisions.

The practical implications of these findings are the need for digital payment service providers to improve user education and trust, especially in regions with suboptimal digital infrastructure. However, the limitations of this study lie in its narrow geographic focus and quantitative approach that may not capture more complex social dynamics. Further research with a qualitative approach and wider regional coverage is needed to understand other factors influencing the adoption of digital payments by millennials.

Digital Payment for Consumptive Behavior

Digital payments are not significant to consumptive behavior. These findings indicate that the ease of access and speed of transactions offered do not necessarily encourage individuals to increase consumption impulsively. These results are in line with Salsabila's (2024) research that digital payments have a negative effect on consumptive behavior. This can be interpreted that the more often someone uses e-wallets, it will not necessarily increase the amount or frequency of purchases, there are other factors that are more dominant in influencing consumptive behavior besides the use of digital payments.

These results can be studied through *the Theory of Planned Behavior* (TPB), where consumptive behavior is not only influenced by the ease of technology, but also by subjective norms and self-control. Although digital payments make transactions easier, not all individuals are encouraged to behave consumpively if personal norms and values limit this. In addition, *the Technology Acceptance Model* (TAM) also explains that the perception of technology does not automatically lead to excessive behavior if the perception of its benefits is used rationally.

Although not significant to consumptive behavior, digital payments still contribute to transaction efficiency and financial record-keeping. This is important for users to manage finances more practically. However, the limitation of this study is that it focuses on the student population, so further studies are needed in groups with different economic backgrounds.

The Millennial Generation Towards Consumptive Behavior

Cashless Lifestyle in millennial generation has a significant impact on consumptive behavior. These findings indicate that the consumptive behavior of the millennial generation is influenced by various factors such as financial literacy, lifestyle, and the use of *e-money* (Agasi and Aryani, 2024). These results are in line with research by Syafii and Setiyono (2020) which highlights that lifestyle and locus of control contribute to millennial consumptive behavior. From the perspective of consumer behavior theory, millennial consumptive behavior can be explained through psychological and sociological approaches. Hedonistic lifestyles and social conformity encourage individuals to consume excessively in order to meet emotional and social needs. In addition, financial literacy theory states that a low understanding of personal finance can lead to less wise consumption decisions, although in some cases, as discovered by Agasi and Aryani (2024), financial literacy is not always the main determining factor.

The practical implications of these findings are the need for interventions that target lifestyle and use of financial technology in an effort to reduce millennial consumptive behavior. Educational programs that not only improve financial literacy but also form a wiser consumption mindset can be a solution. However, the limitations of this study lie in the narrow geographic focus and the use of quantitative methods that may not capture the nuances of consumptive behavior in depth. Further research with a qualitative approach and wider scope is needed to comprehensively understand these dynamics.

Generation Z towards Consumptive Behavior

Cashless Lifestyle in Generation Z has a significant impact on consumptive behavior. These findings indicate that emotions, social conformity, and digital marketing play a role in Gen Z's consumptive behavior (Sa *et al.*, 2025). These results are in line with Pohan's (2025) research that Generation Z shows a significant tendency for consumptive behavior that factors such as social media, discounts, and psychological needs drive Gen Z's consumptive behavior in the era of online shopping.

The consumptive behavior of Generation Z can be analyzed through Maslow's theory of needs, where the need for self-actualization and reward encourages consumption as a form of self-expression. Study by Pohan et al. (2025) supports this by showing that psychological needs influence the consumptive behavior of Gen Z.

The practical implications of these findings point to the need to improve financial literacy and self-control among Generation Z. However, the limitations of this study include a limited sample of students and specific regions, so generalization of results needs to be done carefully.

Cashless Lifetyle as Mediation

Cashless lifestyle play a significant role as mediation in the influence of digital payment on consumptive behavior. The mediating effect can be explained by the fact that digital payment adoption does not automatically lead to higher consumption; rather, it is the shift toward a cashless lifestyle characterized by ease, speed, and social acceptance that transforms payment practices into behavioral outcomes. In this sense, the cashless lifestyle acts as the mechanism through which digital payments indirectly stimulate consumptive behavior by reinforcing patterns of instant transactions and reducing the psychological barrier of spending without physical cash (Danurahman, Sumiati and Zulaihati, 2023). These results are in line with the research of PuspitaNingrum (2025), which emphasizes that lifestyle changes serve as an intervening factor that bridges technology use and consumption decisions. From a theoretical perspective, this finding resonates with the Technology Acceptance Model (TAM3) and the Unified Theory of Acceptance and Use of Technology (UTAUT2), where perceived ease of use and habit formation are central in shaping user intention and subsequent behavior. By explicitly incorporating lifestyle factors such as cashless practices, this research extends TAM and UTAUT beyond their traditional focus on technology features, highlighting how socio-cultural dimensions of lifestyle become integral to the acceptance and usage process. In doing so, the study contributes to theory by demonstrating that user lifestyle is not merely a contextual factor but a mediating construct that enriches the explanatory power of established acceptance models. By adopting a cashless lifestyle, individuals perceive digital payments not merely as a tool but as part of their everyday consumption identity, thereby mediating the pathway between technological trust and actual spending practices.

From a practical standpoint, the mediating role of a cashless lifestyle suggests that financial institutions and fintech providers should not only focus on expanding payment infrastructure but also consider how lifestyle-related campaigns influence user behavior. Encouraging a cashless lifestyle may accelerate adoption, yet it also risks reinforcing consumptive tendencies if not balanced with financial literacy programs. Therefore, the implication for policymakers and educators is the necessity of designing interventions that promote responsible consumption habits alongside the promotion of digital financial services.

Conclusion

This study reveals that the use of digital payments does not have a significant direct influence on consumptive behavior, but contributes indirectly through the characteristics of the millennial generation. Both millennials and Generation Z show a significant association with consumptive tendencies, which are influenced by aspects of lifestyle, social compliance, and emotional and psychological needs. These findings suggest that financial technology is not the main determinant of consumptive behavior, but rather is a facilitator in the context of individual social values and norms. Theoretically, this study enriches the discourse on consumer behavior models by positioning generational identity and lifestyle as crucial mediating and contextual factors, thereby extending the explanatory power of models such as TAM3 and UTAUT2 to include sociocultural influences. It also contributes to generational studies by demonstrating that millennials and Generation Z respond differently to digital payment adoption, highlighting the role of social norms and lifestyle orientations in shaping consumption. Practically, these findings confirm the urgency of strengthening financial literacy and educating wise consumption behavior among the younger generation. Financial technology developers should integrate financial management features as part of their social responsibility. For further research, it is recommended to use a qualitative or mixed approach to explore the psychosocial dimension in more depth. In addition, diversification of respondent characteristics is needed so that the generalization of results can be more accurate in population. This study is also limited by the relatively homogeneous sample dominated by students, the small number of respondents (78), and the geographical focus restricted to Bekasi, which may reduce the breadth of applicability of the findings. Future research should therefore expand the demographic scope and geographical coverage to strengthen external validity and capture wider variations in digital payment behavior.

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