

FACTORS INFLUENCING GENERATION Z'S CONSUMER BEHAVIOR IN INTEREST IN USING DIGITAL PAYMENTS

**Aidil Rizky Saputra¹, Sari Lestari Zainal Ridho^{2*}, Habsah
binti Haji Mohamad Sabli³, Dayang Hummida binti Abang
Abdul Rahman⁴, Ratna Anggraini⁵, RM Haris Munandar⁶**

^{1,2,6}Master in Applied Marketing, Innovation and Technology, State
Polytechnic Sriwijaya, Indonesia.

³Commerce Department, Politeknik Mukah Sarawak, Malaysia.

⁴Faculty of Business and Management, Universiti Teknologi
MARARA, Malaysia

⁵Department of Accounting, Faculty of Economy, Universitas
Negeri Jakarta, Indonesia.

(E-mail: sarilestari@polsri.ac.id)

ABSTRACT

A smart society is a society that solves various problems and challenges of its life needs digitally. Therefore, the digitalization of payment transactions has been increasing rapidly since its existence to solve life problems with various conveniences offered. Digital payments are becoming an indispensable part of today's society. It is not surprising that in society, the cashless lifestyle has become one of the consumer behaviors of the millennial generation and the digital generation, so they are calling it a cashless society. The ease of use of digital payments is considered one of the influential factors in the interest in its use. However, based on previous studies, there are still mixed results regarding the influence of convenience factors on interest in use. This study aims to examine factors that influence interest in using digital payments, specifically in Generation Z as a cashless society. Research Data was collected using surveys with questionnaire distribution. The analysis technique used is multiple linear regression with the Ordinary Least Square and Jackknife method. The results showed that the convenience and risk variables affected the interest in using digital payments, but the benefit variables did not affect the interest in using digital payments.

Key words: Consumer behavior, Gen Z, Digital Payment

INTRODUCTION

Currently, numerous technologies have been created to improve the quality of lives and businesses, one of which is the banking industry, which shifted the paradigm of payments into digital banking (1). The improvement has an impact on all ages in society. The Central Statistics Agency Indonesia (BPS) reports that the age structure in Indonesian population can be divided into two (2) main groups, namely the productive age population (15-64 years) and the non-productive age population (< 15 years and > 64 years), where according to the results of statistical analysis conducted currently Indonesia is experiencing changes in the age structure or age of the Indonesian population where the proportion of the productive

age population (15-64 years) is higher than the population under 15 years old (2).

In addition, the results of the 2020 Population Census, conducted by the Central Statistics Agency and published through the Official Statistical Gazette no.07/01/T, XXIV, January 21, 2021, describe the composition of the population in 2020. In Indonesia, there are 270.20 million people 1.87% of them are Pre-Boomers born before 1945, estimated to be 75+ years old. 11.56% are Baby Boomers born in 1946 – 1964 is now 56-74 years, then 21, 88% are Gen X born in 1965 – 1980 current around 40-55 years, 25.87% are Millennials born in 1981-1996 with current estimated age is 24-39 years, 27.94% are Gen Z born in 1997-2012 with current estimated age 8-23 years, and 10.88% are Post Gen Z born in 2013 onwards with an estimated age of up to 7 years.

As previously explained, Gen Z is a generation born in 1997-2012 with an estimated age of 8-23 years and is the largest population compared to age groups from other generations. Different generations have different characteristics and uniqueness. Similarly, in generation Z, a generation that is dominating the digital world, since they have used the internet from an early age, for instance, exposed social networks and mobile systems. This distinctive behavior influences the views of Generation Z in consumption. For this generation, consumption is more of an access than a form of ownership (3), so different generations have different consumer behaviors. Consumer behavior is the behavior shown by consumers in searching, buying, using, evaluating, and spending on products and services that they hope will satisfy their needs (4).

This definition is also supported by another scholar, who has stated a similar notion that explains consumer behavior as a study of individuals and groups and the procedures they use to find, buy, use, evaluate, and dispose of products and services that meet their requirements (5,6). Certainly, consumer behavior is a complicated and dynamic field of research. Therefore, understanding consumer behavior is critical for firms, marketers, and regulators since it helps forecast and influence consumer purchasing decisions. Specifically, after the COVID-19 pandemic, several researchers found changes in consumer behavior in conducting financial transactions (7). This change in consumer behavior occurs at all levels of consumers, including Generation Z. We focus on Generation Z behavior in transacting in this study, which popular transactions in this digital era are cashless and cardless (8), in other words, transactions with digital payments (9,10). Access is importing for generation Z in consuming is offered by transactions in this way. Therefore, this study aims to determine the factors that influence the decision of Generation Z as consumers in using digital payments. Payment systems that use an electronic network and digital methods are known as digital payment systems (11). These factors include the ease and benefit of adopting payments as examined by previous research (10), and risk (reduction) factors.

METHOD

This research uses multiple linear regression to test the proposed hypothesis since to assess the association between two or more independent variables and one dependent variable, multiple linear regression is utilized. Multiple Linear Regression is a statistical method for assessing the relationship between variables that have a cause-and-effect relationship in regression analysis (12). The following is the description of the multiple linear regression model to be estimated:

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + e$$

An explanation of the research variables and their *values* is in the following table:

Table 1. Variables Dependent and Independent

Variable	Symbol	Name of Variable	Value	Scale
Dependent	Y	Interest in Using Digital Payments	1 = Strongly Disagree 2 = Disagree 3 = Little Disagree 4 = Agree 5 = Strongly Agree	Likert
Independent	$X1$	Ease of use	1 = Strongly Disagree 2 = Disagree 3 = Little Disagree 4 = Agree 5 = Strongly Agree	Likert
	$X2$	Benefit	1 = Strongly Disagree 2 = Disagree 3 = Little Disagree 4 = Agree 5 = Strongly Agree	Likert
	$X3$	Risk	1 = Strongly Disagree 2 = Disagree 3 = Little Disagree 4 = Agree 5 = Strongly Agree	Likert

The Jackknife method (13) is a nonparametric method used to generate standard errors from regression coefficients that are problematic in the data related to classical assumptions in the parametric approach. Thus, the next step is to answer the alternative hypothesis H1 by testing the problem hypothesis from the Multiple Linear Regression model as follows:

1) Hypothesis to test concurrently/together the model coefficients with the F test for regression equations.

H_0 : There is no simultaneous influence of variables $X1$, $X2$, and $X3$ on variable Y . ($b_1=b_2=b_3=0$)

H_1 : There is a simultaneous influence of variables $X1$, $X2$, and $X3$ on variable Y .

(At least there is $b_i \neq b_j \neq 0$; $i, j = 1, 2, 3$; $i \neq j$)

2) The hypothesis to test the partial/individual coefficient of the model with the t-test is given the hypothesis for the following regression equation:

H_0 : There is no partial influence of variables $X1$, $X2$, and $X3$ on variable Y .

($b_i = 0$; $i = 1, 2, 3$)

H_1 : There is a partial influence of variables $X1$, $X2$, and $X3$ on variable Y .

($b_i \neq 0$; $i = 1, 2, 3$)

RESULTS AND DISCUSSION

As mentioned earlier, the Jackknife method is one of the nonparametric methods used to generate standard errors from regression coefficients that are problematic in the data related to classical assumptions in the parametric approach. The method describes the method's utility and place within the larger category of statistical resampling techniques (14). Thus, the next step is to answer the alternative hypothesis H_1 by testing the problem hypothesis from the Multiple Linear Regression model as follows:

1) Hypothesis to test concurrently/together the model coefficients with the F test for regression equations.

H_0 : There is no simultaneous influence of variables $X1$, $X2$, and $X3$ on variable Y . ($b1=b2=b3=0$)

H_1 : There is a simultaneous influence of variables $X1$, $X2$, and $X3$ on variable Y . (At least there is $b_i \neq b_j \neq 0$; $i, j = 1, 2, 3$; $i \neq j$)

2) The hypothesis to test the partial/individual coefficient of the model with the t -test is given the hypothesis for the following regression equation:

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H_1 : There is a partial influence of variables $X1$, $X2$, and $X3$ on variable Y .

($b_i \neq 0$; $i = 1, 2, 3$)

In concomitant/joint testing of model coefficients with F tests in STATA software, a significant simultaneous effect when the P -value $\leq \alpha$ with an α of 5%.

Table 2. F-test results for the significance of the regression model coefficient.

Equation	Statistics F	P -value
Y	52.34	0.0000*

*Significant for a significant rate (α) of 5%.

From the results of the table output, the F statistic [see $F(3, 63)$] of 52.34 is produced with a P -value [see $Prob > F$] equal to 0.000 (P -value < 0.05) so that in this test it is concluded that there is a significant simultaneous influence of independent variables $X1$, $X2$, and $X3$ on variable Y . In partial/individual testing of the model coefficient with the t -test, a significant effect is given when the P -value value $\leq \alpha$ with α determined by 10%, 5%, or 1%.

Table 3. Test results t for the significance of regression model coefficients.

Variable Dependent	Variable Independent	Coefficient Regression	Standard Error	Statistics t	P -value
Y	$X1$	0.72687	0.24602	2.95	0.004*
	$X2$	-0.06505	0.21556	-0.30	0.764
	$X3$	0.21497	0.10554	2.04	0.046*
	C	8.55351	1.69114	5.06	0.000*

*Significant for a significant rate (α) of 5%.

From the results of the table output, this test provides conclusions that:

1. There is a significant influence of the variable *X1* on *Y* of 0.72687 (positive influence), meaning that if there is an increase in *X1* by 1 unit, then *Y* will increase by 0.72687; conversely, if there is a decrease in *X1* by 1 unit, then *Y* will decrease by 0.72687.
 2. There is no significant effect of the variable *X2* on *Y*, meaning that if there is an increase in *X2* by 1 unit, *Y* will not be affected.
 3. There is a significant influence of the variable *X3* on *Y* of 0.21497 (positive influence), meaning that if there is an increase in *X3* by 1 unit, then *Y* will increase by 0.21497; conversely, if there is a decrease in *X3* by 1 unit, then *Y* will decrease by 0.21497.
- Thus, the formulation of the Multiple Linear Regression model is described as follows:

$$Y = 8.55351 + 0.72687 X1 + (-0.06505) X2 + 0.21497 X3 + e$$

For the validation process, *Goodness-of-fit measures* are used, namely Coefficient of determination (R²) and *Mean Square Error* (MSE) [2]. The greater the R-Square value, the better the Multiple Linear Regression model is formed. In addition, a measure of goodness of the Multiple Linear Regression model is used, namely MSE (expected to be small). To assess the goodness of the model, MSE measures are used in the following formulation:

Table 4. Multiple Linear Regression model validation results.

Equation	R-Square	Root MSE	MAP
y	0.6713	1.2318	1.51733124

From the table results, *goodness-of-fit measures* viz. R-Square and MSE produced good values for Multiple Linear Regression models. The R-Square value obtained at 0.6713 means that the diversity of dependent variable *Y* that can be explained by independent variables *X1*, *X2*, and *X3* simultaneously / together is 67.13%, of which the remaining 32.87% is explained by error (*e*) or other variables that are not included in the Multiple Linear Regression model. In other words, the goodness of the Multiple Linear Regression model formed is 67.13%. In addition, a good MSE of 1.51733124 (small) was also obtained.

CONCLUSION

The purpose of this research is to look at the determinant factors using Digital Payment in Z Generation. The findings indicate that convenience and risk variables affect the interest in using digital payments, but the benefit variables do not affect the interest in using digital payments. Convenience and risk variables affect the interest in using digital payments because Generation Z is included in the cashless society which tends to choose ease of transactions. While variable benefits do not influence because generation z is accustomed to the use of the Internet or mobile banking. This research has implications for various parties, especially digital wallet providers, to pay more attention to important factors in improving their services.

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