

Financial Behavior Transformation: Evaluating Fintech as a Personal Financial Management Tool among Generation Z

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Article History

Received: 12.10.2025

Accepted: 10.12.2025

Published: 05.01.2026

Abstract: The rapid integration of Financial Technology (Fintech) into the daily lives of Generation Z has fundamentally altered payment methods, yet its impact on personal financial management remains debatable. This study aims to evaluate the gap between digital literacy and actual usage patterns of Fintech among university students, as well as its implications for their financial behavior. Using a descriptive quantitative approach with a case study design, data were collected from 30 active undergraduate students through purposive sampling. The results indicate a significant paradox: while 96% of respondents demonstrate high technical proficiency in using Fintech features, only 38% possess adequate awareness of financial risks, such as hidden fees and interest rates. Furthermore, the findings reveal that Fintech acts primarily as a "lifestyle enabler," with 73% of transactions allocated to hedonic consumption (Food & Beverage and Fashion). The study also confirms the "reduced pain of paying" phenomenon, where 65% of respondents admitted to increased impulsive buying behavior due to the seamless nature of digital transactions. It is concluded that without proper digital financial literacy, the perceived ease of use of Fintech tends to degrade, rather than improve, students' personal financial discipline.

Keywords: Digital Financial Literacy, Financial Technology (Fintech), Generation Z, Impulse Buying, Personal Financial Management.

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Introduction

The integration of information technology within the financial sector, known as Financial Technology (Fintech), has fundamentally disrupted the global economic landscape. This phenomenon has not only transformed banking infrastructure but also revolutionized human interaction with money. In Indonesia, the growth of Fintech, particularly in the digital payment (e-wallet) sector, demonstrates exponential acceleration driven by internet and smartphone penetration. The shift from a cash-based society to a less-cash society offers unprecedented efficiency, speed, and convenience (Foster et al., 2022). However, this ease of liquidity access acts as a double-edged sword: serving as a catalyst for financial inclusion or as a trigger for uncontrolled consumptive behavior.

Generation Z, as the first demographic cohort to grow up as digital natives, stands at the epicenter of this transformation. For students belonging to this category, gadgets are not merely communication tools but extensions of their economic activities. Previous studies by Huei et al. (2018) and Chawla and Joshi (2019)

consistently show that perceived ease of use is a primary determinant of high Fintech adoption rates among students. Nevertheless, this high level of technology adoption often does not correlate with adequate financial literacy. This phenomenon creates a paradox where students are highly proficient in operating digital financial features yet are vulnerable to financial mismanagement due to impulsive spending facilitated by transaction ease (Pratama & Yudiantara, 2023).

Although research on Fintech adoption is abundant, the majority of existing literature remains fixated on the "intention to use" variable (Muzdalifah et al., 2020). There is a significant research gap regarding how Fintech is actually utilized as a personal financial management tool, rather than merely a payment instrument. The fundamental question addressed in this study is: does the presence of Fintech assist students in managing their budgets better through transaction history features, or does it conversely blur the awareness of spending—known as the "pain of paying"—due to the intangible nature of electronic money (van der Crujnsen & Knoben, 2021)?

Cite this article:

Putri, K. M. D., Ratnaningrum, L. P. R. A., Mulyawan, I. P. A., (2026). Financial Behavior Transformation: Evaluating Fintech as a Personal Financial Management Tool among Generation Z. *ISAR Journal of Economics and Business Management*, 4(1), 1-4.

The urgency of this study lies in the strategic position of students as a group in transition toward adult financial independence. Financial behavior patterns formed during this phase will have long-term impacts on their future financial health (Gunawan et al., 2021). Therefore, this study aims to evaluate the understanding and utilization patterns of Fintech among Generation Z, and to analyze its implications for their personal financial management behavior. Unlike previous macro studies, this research employs a case study approach on the student segment to capture micro-behavioral nuances often overlooked in large-scale surveys. Findings from this study are expected to provide empirical insights for developing financial literacy strategies that are more adaptive to the digital ecosystem.

Literature Review

Digital Financial Literacy as a Fundamental Foundation

In the digital economic ecosystem, financial literacy encompasses not only basic knowledge about money but also a technical understanding of features, service fees, and cybersecurity. Digital financial literacy is defined as the measure of how well an individual understands key financial concepts and possesses the ability and confidence to manage personal finances (Setiawan et al., 2020). However, a significant information asymmetry is often observed in Generation Z: they are highly proficient in operating applications (*digital savvy*) yet demonstrate a deficiency in comprehending long-term financial risks, such as compounding interest in *paylater* features or personal data security (Yanto et al., 2021). This gap becomes a crucial point for evaluation, as technical skill does not necessarily equate to financial prudence.

Shifting Consumption Patterns and the Cashless Lifestyle

The presence of Fintech has reshaped student consumption patterns from being need-oriented to want-oriented, triggered by the ease of transactions. The *cashless society* phenomenon creates an illusion of unlimited financial resources due to the intangibility of physical currency. This aligns with the concept of Mental Accounting, where individuals tend to treat digital money differently from cash—often resulting in more wasteful behavior when using *e-wallet* balances (Gunawan et al., 2021). Furthermore, lifestyle factors and peer pressure within the campus environment drive Fintech usage not merely as a payment tool but as a symbol of modernity, which potentially triggers impulsive buying behavior (Rahayu et al., 2022).

Personal Financial Management and the "Pain of Paying" Phenomenon

The psychological concept of "Pain of Paying" explains that there is a psychological distress experienced when an individual spends cash. Digital transactions through Fintech significantly reduce this "pain" because the process is instant and intangible (van der Cruijssen & Knoben, 2021). Consequently, self-control in personal financial management becomes more difficult to maintain. The evaluation of student financial management now focuses on whether technology assists them in budgeting and monitoring expenses, or conversely, worsens their financial discipline. Effective personal financial management in the digital era demands active awareness to record and evaluate every digital transaction that occurs (Wardani & Hermawan, 2023).

Method

Research Design

This research employs a descriptive quantitative approach. This method was selected to deeply capture the profile, characteristics, and behavioral patterns of the subjects (students) without intending to make broad population generalizations or test causal hypotheses. This study is designed as an evaluative study to understand the phenomenon of Fintech usage in a specific segment, akin to the approach used in analyzing student financial management behaviors (Wardani & Hermawan, 2023).

Participants and Procedure

The population in this study comprises active students at Institut Bisnis dan Teknologi Indonesia, representing Generation Z. The sampling technique employed was Purposive Sampling with the following inclusion criteria: (1) Active students, (2) Possession of at least one active Fintech/e-wallet application, and (3) History of digital transactions within the last month. A total of 30 respondents participated in this study. Although the sample size is limited, the homogeneity of the respondents' characteristics (age, educational background, and social environment) allows the obtained data to be sufficiently representative to explain behavioral phenomena within this segment (Yanto et al., 2021).

Instruments and Data Analysis

Data collection was conducted through a structured questionnaire distributed online. The instrument consists of three main sections: (1) Level of Understanding/Digital Financial Literacy, (2) Fintech Utilization Patterns, and (3) Financial Management Behavior. The collected data were analyzed using descriptive statistical techniques assisted by Microsoft Excel. The analysis focused on measures of central tendency (Mean) and frequency distribution (Percentage) to map the tendencies of respondents' answers. Data interpretation was performed by comparing statistical results with financial behavior theories to draw conclusions regarding the financial profile of the students (Setiawan et al., 2020) (Putri et al., 2024) (Sudipa et al., 2023) (Maulidah et al., 2024).

Results and Discussion

Respondent Profile

This study involved 30 active student respondents, all of whom (100%) are active users of payment-based financial technology (fintech) services (e-wallets). The majority of respondents are in the 19-22 age range, representing the core characteristics of Generation Z. Based on demographic data, the most widely used application is GoPay (45%), followed by ShopeePay (35%), and OVO (20%). This dominance indicates that the super-app ecosystem (applications integrating transport/shopping services with payments) has the highest penetration rate among students (Huei et al., 2018).

The Digital Literacy Paradox: Technically Proficient, Financially Naïve

Descriptive statistical analysis results reveal a striking gap between operational technical skills and substantial understanding of financial instruments.

Figure 1: The Digital Literacy Paradox

(Technical Proficiency vs. Risk Awareness)

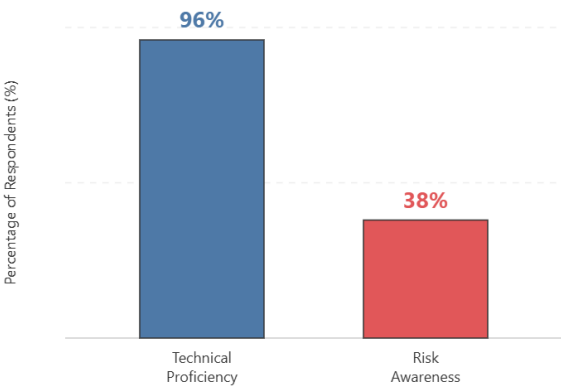


Figure 1: Comparative Bar Chart of Literacy

As seen in Figure 1, 96% of respondents stated they "Fully Understand" how to use features, ranging from balance top-ups and QRIS scanning to voucher claims. This confirms their status as digital natives with a very short technology learning curve. However, a contrast occurs in the aspect of risk awareness. Only 38% of respondents truly understand the service fee structure (admin fees) and the risks of late penalty fees in deferred payment features (paylater).

This finding indicates a phenomenon the author terms "Digital Naivety." Students tend to adopt technology due to User Interface convenience without delving into the financial implications behind it (Foster et al., 2022). From a management perspective, this is a red flag. This unbalanced financial literacy is dangerous because users feel "safe" and "knowledgeable" (overconfidence bias), when in reality they only understand the "surface" of the technology, not its financial substance. This lack of understanding regarding hidden costs can cumulatively erode students' personal financial health without them realizing it (Yanto et al., 2021).

Shifting Consumption Patterns: Fintech as a "Lifestyle Enabler"

Analysis of e-wallet balance usage history uncovers the fact that for students, Fintech is not merely a payment tool but a "lifestyle enabler."

Figure 2: Spending Allocation

(Dominance of Hedonic Consumption)

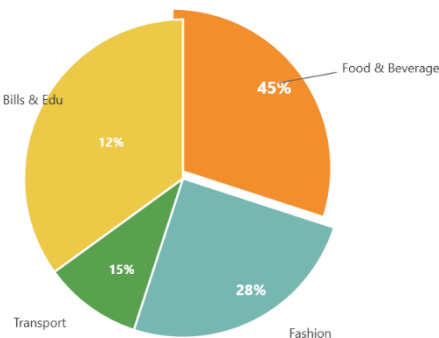


Figure 2: Spending Allocation Pie Chart

Data in Figure 2 shows that 73% of transaction volume is allocated to hedonic consumption (Food & Beverage and Shopping). The ease of ordering food online integrated directly with digital payments is the primary trigger. This aligns with Hedonic Consumption theory, where consumption is driven by the desire for pleasure, fantasy, and emotional arousal, rather than merely fulfilling basic utility needs (Pratama & Yudiantara, 2023).

High usage in the leisure sector also proves the strong influence of "burning money" marketing strategies (promos/cashback) employed by Fintech platforms. Students, with their budget constraints, are highly elastic to price changes and discount incentives. However, this data simultaneously critiques the assumption that Fintech drives productive financial inclusion (such as saving or investing). In the reality of the student sample, Fintech functions as a consumption accelerator (Rahayu et al., 2022). Features like "Food Recommendations" or "Flash Sales" combined with easy checkout create an ecosystem that is difficult for students with low self-control to resist.

Transformation of Financial Management Behavior and the "Painless Payment" Phenomenon

The most crucial part of this research is the evaluation of the impact of Fintech usage on personal financial management behavior. Does technology make students more frugal or more wasteful?

Figure 3: The 'Pain of Paying' Paradox

(Perceived Ease vs. Impulsive Behavior)

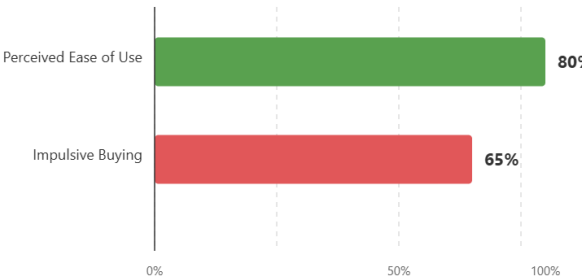


Figure 3. Stacked Bar Chart "Perception vs. Reality"

Survey results (Figure 3) show an irony. Although 80% of respondents agree that Fintech helps speed up transactions and history recording (administrative ease), 65% of respondents honestly admitted to becoming more wasteful or experiencing increased frequency of impulsive buying after using e-wallets (Sari, 2021).

This phenomenon can be comprehensively explained through the economic psychology concept of "The Pain of Paying" (van der Crujsen & Knoben, 2021). Physical cash payments involve the process of counting bills and handing them over, which psychologically triggers "pain" or a signal of loss. Conversely, digital payments especially those that are contactless or one-click checkout reduce this transaction friction to nearly zero. The digital balance decreasing on a smartphone screen does not provide the same emotional impact as money decreasing in a physical wallet. Consequently, the psychological threshold for restraining spending drops drastically.

Furthermore, these findings underscore the failure of the Self-Monitoring function. Although Fintech applications provide

history features, they are rarely used as budgeting evaluation tools. Students tend to only look at the final balance ("is it enough to buy this?") rather than evaluating total monthly spending ("have I been wasteful this month?"). Student mental accounting behavior becomes biased; they treat the remaining balance in e-wallets as "disposable funds" free to be spent, unlike money in main bank accounts or cash which is guarded more strictly (Gunawan et al., 2021).

Theoretically, this indicates that in the student context, Perceived Ease of Use has a negative correlation with financial discipline. The easier a payment tool is to use, the weaker the individual's control over their financial management (Wardani & Hermawan, 2023). The managerial implication of this finding is clear: Digital financial literacy must not stop at "Let's Go Cashless" campaigns but must shift to "Wise Cashless" campaigns. Without educational intervention on digital financial restraint, Generation Z risks being trapped in unhealthy consumption cycles, potentially even getting entangled in consumer debt at a young age through paylater features (Priyadana & Herman, 2021).

Conclusion

This study successfully reveals the financial behavior paradox of Generation Z within the digital economic ecosystem. Based on the descriptive analysis of 30 student respondents, it is concluded that high fintech adoption does not necessarily reflect high financial literacy. Students demonstrate near-perfect technical proficiency in operating payment features yet possess low awareness regarding financial risks, such as hidden service fees and the impact of interest rates on deferred payment features. Theoretically, this research confirms the phenomenon of reduced "pain of paying" in non-cash transactions. The perceived ease of use offered by fintech proves to be a double-edged sword; on one hand, it accelerates transactions, but on the other hand, it triggers impulsive buying behavior. Fintech is primarily utilized as a facilitator for hedonic consumption (food and lifestyle) rather than as a productive financial management tool. The majority of students acknowledge the difficulty in controlling spending following e-wallet adoption due to the illusion of intangible "digital money," which ultimately disrupts the stability of their personal financial management.

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