The Influence of Cashless Payment Systems, Financial Literacy, and Hedonism Lifestyle on The Consumptive Behavior of Millennial Generation in Bali Province

Ni Wayan Tagel Miartini*[1]
Sukasmanto[2]
[1,2,]Department of Management
Universitas Mahakarya Asia, Yogyakarta
INDONESIA
Email: wmiartini@gmail.com*

Abstract: - The modern period of globalization and technological advancement significantly affects how millennials live their lives, where needs play a very important role in humans as economic beings. This study aims to investigate the impact of cashless payment system, financial literacy, and hedonism lifestyle on the consumptive behavior of millennial generation in Bali Province. In this study, the population studied was the millennial generation in Bali Province, which amounted to approximately 1.036.506 people. Due to the large population, the researcher used a margin of error of 10% to take the sample. Based on the Slovin formula, a sample size of 100 respondents was obtained to represent the larger population. The type of research used is quantitative research. Researchers used a questionnaire in data collection. This study uses data analysis methods in the form of multiple linear regression with t-test and F-test. The results of the analysis show that partially the three factors, namely the cashless payment system, financial literacy, and hedonism lifestyle, have a significant effect on the consumptive behavior of the millennial generation in Bali Province. The three variables simultaneously have a significant effect on the consumptive behavior of the millennial generation in Bali Province. Cashless payment systems, financial literacy, and hedonistic lifestyles have an important role in shaping the consumptive patterns of the millennial generation in the current digital and globalization era.

Key-Words: - Cashless; Payment system; Financial Literacy; Hedonistic Lifestyle; Consumptive Behavior; Millennial Generation in Bali Province.

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1 Introduction

The modern period of globalization and technological advancements has significantly influenced how society lives. Nearly all human activities involve technology (Korteling et al., 2023). The era of globalization in today's development has brought tremendous changes across generations in Indonesia (Wijaya et al., 2020). These progressive changes demand that people work harder to meet their needs. While some individuals meet these demands appropriately, others do so in abnormal ways. This has led to increasingly consumptive behavior in society. Consumptive behavior is the tendency to evaluate one's self-worth based on material possessions and consumption experiences (Klontz et al., 2011).

According to The Spectator Index, Indonesia ranked fourth as the most populous country in the world in 2021, after China, India, and the United States (THOMAS E. BECKER, GUCLU ATINC & KEVIN D. CARLSON, 2016). Population growth in Indonesia from 2010 to 2020 slowed compared to the period from 2000 to 2010, with a growth rate of 1.49%. According to BPS, the composition of Indonesia's population consists of Pre-Boomer (1.87%), Baby Boomers (11.56%), Generation X (21.88%), Generation Y or Millennials (25.87%), Generation Z (27.94%), and Post-Z Generation (10.88%).

Indonesia's population increased by 32.56 million people from the 2010 census, driven by the productive age group (15 to 64 years), which accounts for 70.72%. Millennials and Gen Z dominate Indonesia's population (Haddouche & Salomone, 2018; Wijaya et al., 2020). Millennials, born between the early 1980s and mid-1990s, are the largest online shopping demographic in Indonesia, estimated to use the internet for four to six hours a day. Their characteristics vary globally depending on geographic, social, and economic factors. In Bali, millennials are distinctly different from previous generations — more connected to technology, more diverse in lifestyle choices, and preferring experiences over material possessions.

The Bali Province Population Census recorded a total population of 4.32 million people, with 2.17 million males and 2.15 million females. Millennials make up 23.2% of Bali's population. According to Tokopedia's VP of Corporate Communications, Nuraini Razak, online shopping transactions in Bali in Q2 2022 increased 1.5 times compared to the previous year (Hartawan & Utama, 2018). Sidemen District in Karangasem Regency recorded the highest online shopping transactions in Bali in 2022. This shift from physical to online shopping is closely tied to the digital transformation of the economy.

Based on this background, this study aims to analyze the influence of cashless payment systems, financial literacy, and hedonistic lifestyles on the consumptive behavior of millennials in Bali Province. This research is expected to provide in-depth understanding of the factors driving consumptive behavior among millennials and contribute to the formulation of relevant educational strategies and policies in today's digital era.

2 Theoretical Framework

Modernization and globalization have profoundly transformed societal structures, influencing social relations, institutions, values, and perspectives. As technology and industrial development progress, traditional lifestyles give way to modern practices characterized by individualism, consumerism, and rational thinking (Tian et al., 2023). These changes have redefined perceptions of family, religion, and identity, contributing to a dynamic yet increasingly unequal society. While modernization brings efficiency and innovation, it also poses challenges, particularly regarding social disparity, which calls for democratic and sustainable policy responses.

To understand human behavior in this rapidly evolving environment, several theoretical frameworks are useful. The Theory of Planned Behavior explains that individual actions are shaped by personal attitudes, perceived social norms, and a sense of control over behavior (Fishbein, M, & Ajzen, 1975). Meanwhile, the Technology Acceptance Model, focuses on users' willingness to adopt technology based on its perceived usefulness and ease of use. Both theories highlight how individuals interact with their environment and technology in decision-making processes. Bandura's Social Cognitive Theory adds another layer by emphasizing the interplay between personal, behavioral, and environmental factors, with self-efficacy being central in driving behavior through observation and imitation.

In the context of modernization, consumptive behavior has become increasingly prominent, especially among millennials. This generation, shaped by digital connectivity and globalization, often engages in impulsive buying and trend-driven consumption as a means of fulfilling psychological and social needs. Financial behaviors are further influenced by technological advancements such as cashless payment systems, which offer convenience and security, while promoting financial inclusion (Triyonowati et al., 2022). However, these systems also demand better regulation and user awareness of digital risks.

Alongside financial tools, financial literacy becomes crucial in helping individuals manage their finances wisely. In the digital era, financial knowledge must encompass not only budgeting and investment but also digital privacy and responsible consumption habits (Asyik et al., 2022). When financial literacy is lacking, millennials may be more susceptible to adopting hedonistic lifestyles—pursuing pleasure and self-satisfaction through entertainment, travel, and luxury—often amplified by social media and pop culture (Ilahiyah et al., 2021).

Millennials, born between the early 1980s and mid-1990s, are often seen as "digital natives" due to their upbringing in a technology-saturated environment. Their openness to diversity and global culture distinguishes them from earlier generations. However, this unique generational identity also makes them particularly vulnerable to the pressures of consumerism in a globalized world. Understanding their behaviors through the lens of modernization, behavioral theory, and technological interaction provides a comprehensive foundation for addressing the evolving socio-economic challenges of today.

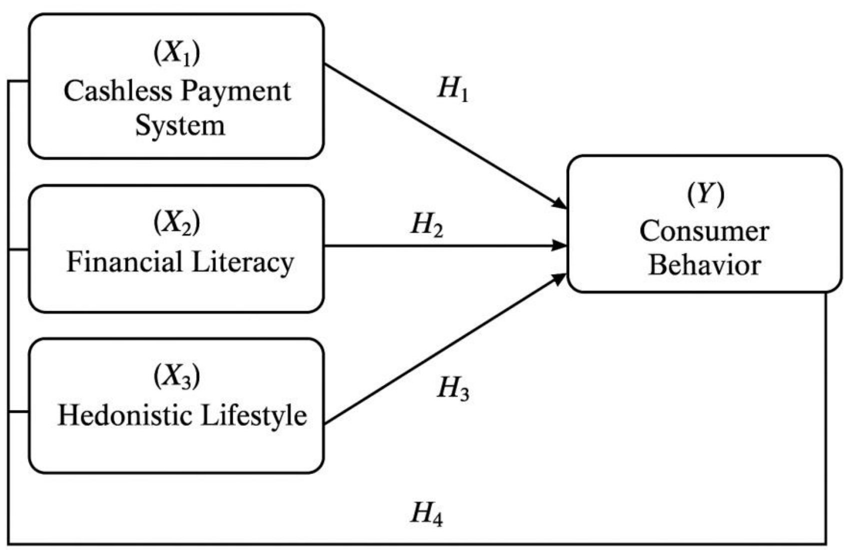

Figure 1. Conceptual framework

3 Research Method

The methodology used in this study is a quantitative approach, which is a type of research involving the collection and analysis of numerical data to test hypotheses or answer specific research questions (Jaya, 2020). The data collection technique employed is a questionnaire survey.

This study utilizes two types of data: primary data and secondary data.

- Primary data were obtained from a survey conducted among millennial respondents in the Province of Bali, focusing on their consumption behavior, financial literacy, use of cashless payment systems, and lifestyle preferences.
- Secondary data include statistical data related to electronic money usage and financial literacy levels in Bali, which have been sourced from previous official reports and publications.

The population of this study consists of all millennials residing in the Province of Bali. For the purpose of sampling, the study focuses on individuals born between the early 1980s and the mid-1990s, which defines the millennial generation. The sample comprises 100 respondents selected from this population group using purposive sampling, targeting millennials who are active technology users and have experience with non-cash payment systems.

4 Results and Discussions

4.1. Results

Table 1. Multiple Linear Regression Test

Model	B	Std. Error	Beta	t	Sig.
(Constant)	0.142	0.626	-	0.226	0.821
X1: Cashless Payment System	0.116	0.014	0.078	8.000	0.000
X2: Financial Literacy	0.045	0.012	0.036	3.775	0.000
X3: Hedonistic Lifestyle	0.796	0.007	0.937	112.113	0.000

Source: Processed Primary Data, 2023.

The regression equation is:

Y = 0.142 + 0.116X1 + 0.045X2 + 0.796X3 + e

Interpretation:

- The constant value (0.142) means that if all independent variables are 0, consumer behavior is 0.142.
- The coefficient for X1 (0.116) shows that a one-unit increase in the cashless payment system variable increases consumer behavior by 0.116.
- The coefficient for X2 (0.045) indicates that a one-unit increase in financial literacy increases consumer behavior by 0.045.
- The coefficient for X3 (0.796) indicates that a one-unit increase in hedonistic lifestyle increases consumer behavior by 0.796.

The results of the partial hypothesis testing (t-test) reveal that all three independent variables have a significant influence on consumer behavior. First, the **cashless payment system** (X1) has a significant effect on consumer behavior, as indicated by a significance value of 0.000, which is less than 0.05, and a t-count of 8.000, which is greater than the t-table value of 1.98472. Therefore, **H0 is rejected and Ha is accepted**, confirming that the cashless payment system has a statistically significant impact on consumer behavior. Second, the variable of **financial literacy** (X2) also significantly affects consumer behavior. This is shown by a significance value of 0.000 (< 0.05) and a t-count of 3.775 (> 1.98472). Consequently, **H0 is rejected and Ha is accepted**, indicating that higher levels of financial literacy are associated with changes in consumer behavior.Lastly, the **hedonistic lifestyle** variable (X3) demonstrates the strongest influence on consumer behavior, with a significance value of 0.000 and a t-count of 112.113, which is far greater than the t-table value. This result leads to the rejection of H0 and the acceptance of Ha, signifying that a hedonistic lifestyle has a highly significant and dominant effect on shaping consumer behavior

Table 2. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	15163.063	3	5054.354	6768.566	0.000
Residual	71.687	96	0.747	-	-
Total	15234.750	99	-	-	-

Source: Processed Primary Data, 2023.

The F value = 6768.566 > F-table = 3.09 and Sig. = 0.000 < 0.05 → **H0 is rejected**, **Ha is accepted**, meaning that the variables cashless payment system, financial literacy, and hedonistic lifestyle simultaneously have a significant effect on consumer behavior.

4.2. Discussions

This study reveals that cashless payment systems, financial literacy, and hedonistic lifestyles significantly influence the consumptive behavior of millennials in the Province of Bali. Hypothesis testing confirms that the convenience of digital transactions encourages impulsive buying and excessive consumption. This aligns with the Theory of Planned Behavior, which emphasizes the role of individual intention in shaping behavior through attitudes, subjective norms, and perceived behavioral control. Most respondents are aged between 26 and 30 years, representing a productive age group that is financially independent and lives in an environment that strongly supports the use of digital financial technology. Furthermore, financial literacy is also shown to significantly influence consumptive behavior. Although millennials are accustomed to efficient and practical technology-based financial systems, a lack of financial management skills tends to trigger excessive spending habits. This finding is supported by both the Theory of Planned Behavior and Social Cognitive Theory, which highlight the importance of self-efficacy and social modeling in behavior learning. Additionally, a hedonistic lifestyle further amplifies consumptive tendencies, as respondents with middle-range incomes are driven to follow trends in order to fulfill modern lifestyle demands. These behaviors are explained by Social Cognitive Theory, the Technology Acceptance Model (TAM), and the Theory of Planned Behavior, which describe how social environment, perception of technology, and self-control influence individual consumption decisions. All these findings are consistent with previous studies by Priscilla Irene Sudiro and Nadia Asandimitra (2022), as well as other researchers such as Erly Nabila Siskawati, Mega Noerman Ningtyas, and Nurul Karmila.

5 Conclusions

Based on the findings and discussions of this study, it can be concluded that three main factors—cashless payment systems, financial literacy, and hedonistic lifestyles—significantly influence the consumptive behavior of millennials in the Province of Bali. First, the use of cashless payment systems provides ease and convenience, but also facilitates impulsive and excessive spending behavior. Second, financial literacy plays a critical role in shaping consumption patterns; millennials with higher financial knowledge are more likely to make informed and responsible financial decisions. Third, a hedonistic lifestyle, marked by the pursuit of pleasure and trend-following, further drives millennials toward consumptive behavior. Overall, these three variables jointly have a significant influence on the consumer habits of the millennial generation in Bali.

Future research is encouraged to explore other potential factors that may influence millennial consumption behavior, such as social, cultural, or psychological influences. Additionally, it is recommended to develop more effective financial literacy programs tailored to millennials. These programs can be organized in collaboration with educational institutions, financial institutions, and community organizations to improve understanding of healthy financial management.

Further research should also support the development and adoption of user-friendly, secure, and widely accessible cashless payment systems in Bali. This requires collaborative efforts between government bodies, financial institutions, and fintech providers. Moreover, initiatives such as campaigns, workshops, and seminars should be promoted to educate millennials about managing hedonistic tendencies while maintaining financial stability. These activities could focus on responsible consumption and long-term financial planning. Ultimately, continued research in this area is necessary to deepen our understanding of millennial consumer behavior and develop comprehensive strategies for addressing it.

This study is limited to three influencing variables—cashless payment systems, financial literacy, and hedonistic lifestyles—and focuses solely on the millennial population in the Province of Bali. The findings may not be fully generalizable to other regions or generational groups. Furthermore, the sample size of 100 respondents, though sufficient for initial analysis, could be expanded in future studies for more robust results. Future research is encouraged to adopt a more diverse sampling method and include longitudinal approaches to capture behavioral changes over time.

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