Article

The Influence of E-Wallets in Changing Mental Accounting Patterns on the Lifestyle of the Millennial Generation in Digitalization

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Abstract: The digital era has brought significant changes to life, especially with the presence of digital wallets (e-wallets) such as QRIS, OVO, ShopeePay, DANA, and LinkAja which are popular among the millennial generation. E-wallets simplify transactions and change the way millennials manage and perceive their money through expense tracking features and incentives such as cashback. This convenience has the potential to increase consumer behavior. Apart from that, e-wallets are changing the millennial lifestyle by making all transactions more practical and efficient. Access to financial services such as investment and microinsurance is also increasingly open, increasing their financial literacy. This research aims to understand the impact of e-wallets, mental accounting strategies for wise and responsible use. This research uses a descriptive-quantitative approach using questionnaires and development studies. The population used is the millennial generation in Patrang sub-district. The research sample used the Porpusive Sampling Technique and obtained 100 samples using the Slovin formula. The analysis used in this research is outer model and inner model analysis. The results of this research show that e-wallets have an influence in changing mental accounting patterns and consumer lifestyles in the millennial generation in the digital era. E-wallets play a very important role in the lifestyle of the millennial generation, if they cannot have good mental accounting, it is possible that they will increase consumer or shopaholic behavior because of the ease of transactions.

Keywords: E-wallets, Mental Accounting, Lifestyle, Millennial Generation, Financial Technology

1. Introduction

The digital era has bring change significant in various aspect life humans , especially with exists innovation continuous technology develop. At the moment famous with complete life easy and electronic , however access For That Still very limited. It means convenience system This Not yet equally can known and used. Convenience in transactions also make change style life in public so that become more consumer. One of most influential innovation is appearance digital wallets (e-wallet). E-Wallets such as QRIS, OVO, ShopeePay, DANA, and LinkAja in Indonesia, have become an integral part of life daily generation millennial. E-Wallets isn't it only make it easier transaction financially, but also change mental accounting patterns and consumer lifestyles, especially generations millennial.

E-Wallets are possible platforms user For save money electronics and do various transactions, such as payments at merchants, money transfers, purchases credit, up to payment bill. E-Wallets offers various convenience and speed in transaction, which makes

it the more popular among generation known millennials with trend they to technology and convenience. At the moment payment using e-wallets as tool non- cash payments Lots used by society wide in life everyday (Soleha , 2022).

Mental accounting is set operation cognitive use individual and home ladder for coding, classifying , and evaluating activity finance (Thaler, 1985). With presence e-wallets, way generation millennial manage and perceive their money experience change significant. E-wallet make it possible user for with easy track expenses and income through integrated features, such as report transactions and reminders payment. However, convenience access this can also be done obscure mental boundaries between 'real' money and 'virtual' money, potentially cause behavior consumers who are not under control .

According to study Manurung (2022), e-wallet can influencing mental accounting in adolescents. E-wallets offer various incentives, such as cashback and discounts, are available influence decision purchasing and behavior shopping. Incentive This often make user more tend for shop in a way excessive (shopaholic) and exploit services offered by e-wallet platforms, which in turn change the user's mental accounting pattern. As a tool for controlling finances, mental accounting can be used to prevent excessive or consumptive use of funds by separating these funds into special accounts (Kusnandar, 2022).

Lifestyle generation millennial very influenced by progress technology and e-wallet are one of them technology at play role important in matter this. Use e-wallet have change method generation millennial transact and manage finance they. With e-wallet, everything something become more practical and efficient. According to Katon (2020) behavior style life new as form convenience service society. Starting from buy coffee at a cafe until pay transportation public, everyone can done only with a number of tap on the smartphone screen. According to Wibowo and Riyadi (2017), style life is a lifestyle related to how people live, how they spend their money, and how they allocate their time. Life-style is more concerned with the overt actions and behaviors of consumers.

Additionally , e-wallet are also possible access to various service previous finances Possible difficult reachable , like investment and insurance micro. This matter supported by research Abdillah (2021) that there is influence style life towards use of e-wallets. The use of e-wallets is not only makes it easier generation millennial in arrange finance them , but also open opportunity for increase literacy finances and welfare economy they.

Study about how role e-wallets in change mental accounting patterns and life styles generations of consumers millennials in digitalization. How much essential e-wallets for understand dynamics moderate social and economic conditions taking place. With understand impact of e-wallets, we can identify opportunities and challenges faced by generations millennial in manage finance. Additionally, this results study can used for formulate more strategies and policies effective in push use a wise and responsible answer.

This study is also purposeful give outlook for developers financial technology (fintech) in create more products and services in accordance with needs and behavior consumer. This research expected can give meaningful contribution in field studies behavior consumer, technology finance, and management finance, as well help create ecosystem more finances inclusive and sustainable in digitalization.

2. Materials and Methods

This study called study quantitative and use approach quantitative descriptive. As for research use approach descriptive-quantitative and method solve problem with describe object study must customized with events that occur in the field and analyze as well as interpret it in form in the form of surveys and studies development .

This population use generation millennials in the Patrang district, numbering 10,448 people. This data based on central agency calculations statistics Jember district. Sample for study use technique porpusive sampling. Calculation sample calculated with use Slovin's

formula with error 10% and got amount sample 99.5 and rounded to 100. Based on opinion Hair (2018), size minimum sample is 100 for study survey . Collection of this data with spread questionnaire in form a Google Form and analyze it use analysis descriptive according to Sugiyono (2018) with Warp Pls tools.

This used in research using outer model and inner model analysis. According to Ghozali (2011) analysis outer model done For ensure that measurements used worthy For made measurement or measurement validity and reliability . According to Husein (2014) Outer model analysis can seen from convergent validity, discriminant validity, composite reliability and Cronbach's alpha. Inner model analysis carried out namely path analysis, R square and model fit (Ghozali , 2016).

3. Results and Discussion

Based on results observations and interviews , informants originate from generation millennials in the District Patrang . In accordance with formula slovin used researchers , there are 100 samples generation millennials who use e-wallet. Total 100 samples is minimum amount required for represent population (Hair, 2018).

PERCENTAGE OF GENDER RESPONDENT
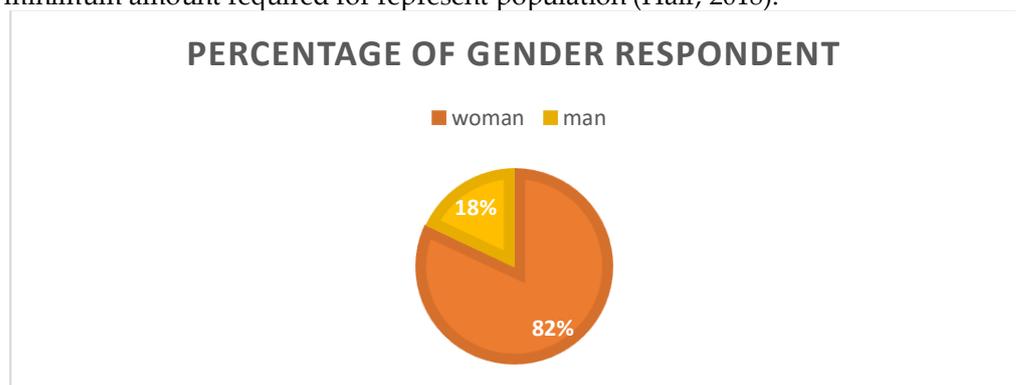
■ woman ■ man

18%

82%

Figure 1. Percentage of Gender Respondent

The percentages in Figure 1 show that 82% of respondents manifold sex women and 18% of respondents manifold sex man .

PERCENTAGE INCOME RESPONDENT

■ > Rp 1.500.000　　■ Rp 1.500.000 - Rp 4.000.000　　■ > Rp 4.000.000

2% 10%

88%

Figure 2. Percentage Income Respondent

The percentages in Figure 2 show amount income respondents below Rp. 1,500,000 there is 2%. Then amount income respondents between Rp. 1,500,000 to Rp. 4,000,000 there is 88%. Meanwhile, 10% of respondents income above IDR 4,000,000.
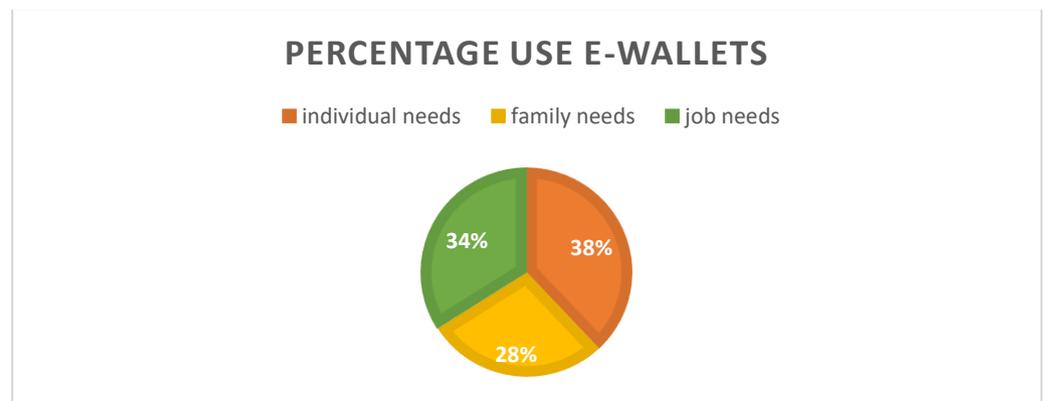
[1]

Figure 3. Percentage Use E-Wallets

Figure 3 shows that 34% of respondents use e-wallets for need work , as many as 28% of respondents use e-wallet for need family and 38% of respondents use E-Wallets for need personal.

Outer Model Analysis

Convergent validity is used For prove that statement on each latent variable in research can understood by respondents with the same as intended by the researcher . WarpPLS 7.0 output results with Average Variance Extracted (AVE) value shows mark more of 0.5 which means all variables are valid in nature convergent . So that No There is variable necessary indicators issued or not need done analysis return or also called done variable control . Meanwhile, validity test discriminant use mark formell larcker criterion diagonal matrix of all indicator more from 0.5 , namely e-wallet at 0.774, mental accounting at 0.874 and lifestyle at 0.870. It means all variables are valid in nature discriminant is tool measure correctly for measuring The Influence of E-Wallets in Changing Mental Accounting Patterns on the Lifestyle of the Millennial Generation in Digitalization.

Test result reliability with reference use all Cronbach alpha values variable is at the top cutoff value 0.7. The Cronbach alpha value for e-wallet is 0.777, mental accounting is 0.846 and lifestyle is 0.839. So that can concluded that all variable is a very reliable variable or is tool measure what you can insured answer.

Inner Model Analysis

Inner model testing includes model fit , path analysis, and R-Square. The model fit test was carried out before carry out significance tests of path analysis. The model fit test is used for know is a model has compatibility with data.

Based on the results of the fit and quality indices model, the Average Path Coefficient (APC) = 0.344 with p < 0.001, Then Average R-squared (ARS) value = 0.215 with p<0.001 and Average adjusted R-squared (AARS) value = 0.203 with p<0.001. Then Average block VIF (AVIF) value = 1.124 with acceptable if ≤5, ideally ≤3. 3 , Average full collinearity VIF (AFVIF) = 1.261 with acceptable if ≤5, ideally ≤3.3, and R-squared contribution ratio (RSCR) = 1.000 with acceptable if ≥9, ideally =1. Then path analysis shows The p-value for all variables is <0.05. Based on results the can concluded that study This assessed worthy and acceptable accepted in a way statistics .
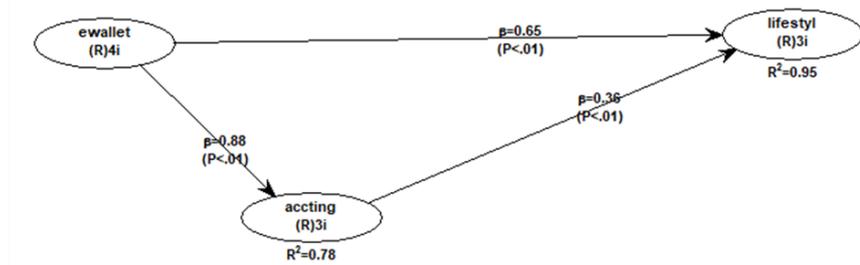
Figure 4. Path Analysis Results

R-square is used For know proportion or percentage total variation of the variable exogenous explain Endogenous variables and goodness of fit of the model formed . Based on The R-square value for e-wallets against mental accounting is 0.78 or 78%. In other words that the influence of e-wallets on mental accounting contributes by 78% and the remainder influenced by variables other outside study . Then , the influence of e-wallets and mental accounting on lifestyle is shown The R-square value is 0.95 or influential by 95% and the remainder influenced by variables other outside study

4. Conclusion

Based on research that has been done, e-wallets have an effect in change mental accounting patterns and styles life generations of consumers millennials in digitalization. The results of this research analysis show that the majority of the millennial generation uses e-wallet as a tool to make it easier to control their finances as a principle of mental accounting. E-wallets are great role important in the lifestyle of the generation millennials, if no can have a good mentality accounting possibility can increase behavior consumptive or shopaholic because convenience transactions in digitalization. Additionally, this research can give outlook for developers finance technology (fintech) to create more products and services in accordance with needs and behavior consumer .

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