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The Influence of Cashless Society, Lifestyle, and Financial Literacy on the Consumptive Behavior of Students in Kediri City

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ABSTRACT

The purpose of this study is to examine and evaluate how a cashless society, lifestyle, and financial literacy affect Kediri City students' purchasing habits. Using an explanatory design and a quantitative research approach, the population consisted of Kediri City university students who regularly use non-cash payment methods. Purposive sampling, a non-probability sampling approach, was used, resulting in a sample size of 100 respondents. Likert scale-based questionnaires were used to collect data. With the use of the SmartPLS software, SEM-PLS analysis was used to test hypotheses. The findings indicate that “the concept of a Cashless Society exerts a positive and statistically significant influence on student consumer behavior”. Similarly, Lifestyle demonstrates a significant and positive effect, while Financial Literacy also significantly impacts consumer behavior among students in Kediri City.

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1. INTRODUCTION

Advances in information technology in recent years have significantly impacted various aspects of life, including the financial sector. Increasing internet connectivity and the use of digital devices encourage individuals to utilize technology-based services in their daily activities. One innovation experiencing rapid growth is financial technology, which is a combination of technology and financial services, aimed at providing convenience, speed, and efficiency in conducting financial transactions (Lidiawan et al., 2021). The emergence of financial technology has triggered various digital payment methods, such as mobile banking, digital wallets, debit cards, and QRIS, which are now increasingly accepted by the public.

The rapid growth of digital payment systems has accelerated the widespread adoption of QRIS, e-wallets, and mobile banking in Indonesia. The increasing acceptance of digital payment technologies indicates that convenience, perceived benefits, and security significantly influence people's intention to adopt cashless payment systems (Putro et al. 2023).

According to data from Bank Indonesia, the overall value of electronic money transactions in 2023 was IDR 1,846 trillion, up 22.43% from the year before.This upward trend underscores the rising acceptance of non-cash payment methods, attributed to their convenience, efficiency, and security, further bolstered by promotional initiatives such as discounts and cashback offers (Afiyah et al. 2024). These developments suggest that digital transaction mechanisms have become an essential component of Indonesia's economic activities.

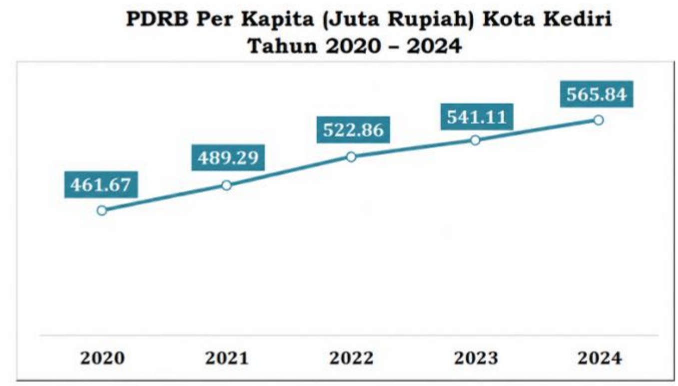

Figure 1. Increase (GDP) Per Capita

According to data from the BPS, Kediri City's economy has grown significantly in reaction to recent events. The Gross Regional Domestic Product (GRDP) per capita increased steadily between 2020 and 2024. Specifically, the GRDP per capita rose from IDR 461.67 million in 2020 to IDR 565.84 million in 2024, reflecting enhancements in economic activity and purchasing power. Additionally, the proliferation of culinary centers, shopping malls, and cafes adopting digital payment systems such as QRIS and e-wallets has further streamlined commercial transactions.

This technological integration has contributed to the normalization of cashless payments within daily routines, particularly among the student demographic. Beyond the operational efficiencies conferred by digital payment systems, their adoption has the potential to significantly influence consumer behavior patterns, especially among students, who constitute the primary users of digital technology. The convenience associated with mobile banking, e-wallets, and QRIS facilitates swift, cashless transactions, which may diminish the deliberative aspect of purchasing decisions and promote impulsive buying behaviors (Dharma 2023).

According to Bank Indonesia, consumer behavior trends are most pronounced within the 20–30 age cohort, predominantly comprising youth and students. The extensive use of social media platforms, coupled with accessible digital interfaces and promotional incentives such as discounts, vouchers, reward points, and cashback offers, further incentivizes students to prioritize desires over needs in their consumption choices (Herindar 2022). Consequently, there is a discernible rise in consumer behavior driven by these factors.

In addition to the phenomenon of a cashless society, lifestyle factors are hypothesized to significantly influence student consumption behaviors. Lifestyle encompasses individuals' patterns of time utilization, expenditure allocation, and the expression of daily interests and activities (Ashilah 2023). The rapid proliferation of social media, the influence of digital content creators, and the emergence of contemporary fashion trends and popular social venues have led students to emulate these developments as a form of self-identity and self-actualization. Such influences tend to steer purchasing decisions toward trend-following behaviors rather than solely fulfilling functional needs (Dilasari et al., 2021).

Furthermore, financial literacy is recognized as a critical factor shaping consumption patterns among students. Defined as the capacity to comprehend financial concepts and manage financial resources effectively, financial literacy underpins rational decision-making. According to data from the OJK National Survey on Financial Literacy and Inclusion (SNLIK), the percentage of Indonesians who are financially literate increased from 38.03% in 2019 to 49.68% in 2022. Nevertheless, this statistic suggests that a substantial portion of the population, including students, lacks comprehensive understanding of financial management, which may adversely impact their consumption behaviors (Mubayin 2022).

The results of earlier studies looking at how a cashless society, way of life, and financial literacy affect consumer behavior have been conflicting. Some studies (Afiyah et al. 2024; Rahmatika et al., 2024) affirm the influence of a cashless society, whereas others (Ashilah 2023) report contrary results. Similarly, research on lifestyle indicates a positive correlation with consumer behavior (Dilasari et al. 2021), whereas investigations into financial literacy have yielded inconclusive outcomes, with some studies suggesting no significant effect (Putra and Sinarwati 2023). These differences draw attention to a research gap and emphasize the necessity of additional empirical study into the impact of these factors, especially in the context of Kediri City pupils.

Given the rapid advancement of digital payment systems, evolving student lifestyles, and increasing levels of financial literacy, combined with inconsistent findings in prior studies, the relevance of further research in this domain is evident. Accordingly, this study aims to analyze the effects of the lifestyle, cashless society, and financial literacy on student consumer behavior in Kediri City. The findings are anticipated to contribute to the empirical understanding of the determinants influencing student consumption patterns within the digital era.

2. METHODS

This research employed a quantitative methodology utilizing an explanatory research design. The selection of a quantitative approach was justified by its capacity to quantify relationships among variables through statistical analysis and to facilitate hypothesis testing grounded in empirical evidence. The study investigated the impact of three independent variables "Cashless Society" (X1), "Lifestyle" (X2), and "Financial Literacy" (X3) on the dependent variable, "Consumptive Behavior" (Y).

The research was conducted within Kediri City, East Java, Indonesia. Students registered in Kediri's higher education institutions who actively use digital payment systems, like e-wallets and mobile banking apps, make up the population. Due to the lack of accurate population figures, the sample size was determined using the Lemeshow formula with a 95% confidence level and a 10% margin of error, necessitating a minimum of 96 respondents. A total of 100 individuals were included to ensure data robustness and reduce incomplete responses.

A sampling technique used to select respondents who meet specific criteria relevant to the research objectives. The method used is purposive sampling, which is a sampling method based on considerations or criteria determined by the researcher to ensure that the selected individuals meet the research needs (Laely and Lidiawan 2022). These criteria include: (1) being actively enrolled university students in Kediri City and (2) having prior experience with digital payment systems like mobile banking or e-wallets. This sampling approach was deemed appropriate for obtaining targeted insights relevant to the study context. A structured questionnaire that was given to respondents directly was used to collect data. A five-point Likert scale, with 1 representing "strongly disagree" and 5 representing "strongly agree," was used in the questionnaire. While secondary data came from books, academic journals, official reports, and other relevant literature supporting the theoretical framework, primary data was gathered directly from participants.

The measurement of the variables was conducted as follows: the Cashless Society variable was assessed via indicators related to transaction convenience, payment flexibility, transaction security, and promotional attractiveness; Lifestyle was measured using the Activities, Interests, and Opinions (AIO) framework; Financial Literacy was evaluated through indicators associated with general financial knowledge, savings, insurance, and investment understanding, and Consumptive Behavior was gauged through indicators reflecting impulsive buying, irrational purchasing, and wasteful spending.

PLS-SEM with SmartPLS 4 software was used to analyze the data. Because of its ability to investigate intricate correlations between latent variables and its applicability for predictive modeling, PLS-SEM was chosen. Assessment of the measurement model (outer model) and evaluation of the structural model (inner model) constituted the two stages of the analysis.

Discriminant validity, convergent validity, and reliability tests were used to assess the measurement model. While reliability was evaluated using Cronbach's Alpha and Composite

Reliability measures, convergent validity was investigated utilizing AVE and outer loadings. The coefficient of determination (R^2), predictive validity (Q^2), effect size (f^2), and hypothesis testing using bootstrapping techniques were all used to evaluate the structural model. When the t-statistic > 1.96 and the p-value < 0.05, a hypothesis was deemed statistically significant.

H1: "The Cashless Society exerts a positive and significant influence on Consumptive Behavior among university students in Kediri City".

H2: "Lifestyle exerts a positive and significant influence on Consumptive Behavior among university students in Kediri City".

H3: "Financial Literacy exerts a positive and significant influence on Consumptive Behavior among university students in Kediri City".

3. FINDINGS AND DISCUSSION

PLS-SEM using SmartPLS 4 software was used to analyze the data. Before hypothesis testing, the measurement model was carefully reviewed to guarantee the validity and reliability of the constructs used. This study shows that all indicators satisfy the criteria for convergent validity, meaning that each indicator appropriately represents its corresponding concept, with outer loadings surpassing the suggested thresholds. Additionally, every construct had an Average Variance Extracted (AVE) > 0.50, indicating that these indicators account for more than half of the variance in the hidden variable. Reliability tests, where each construct's Composite Reliability and Cronbach's Alpha values are > 0.70, provide additional evidence for these findings. These findings confirm that the measurement model has adequate reliability and validity, making it appropriate for further structural model assessment (Hair et al., 2022).

Table 1. R-Square

	R-square	R-square adjusted
Y Consumtive Behavior	0,575	0,562

The explanatory power of the proposed framework was then evaluated by analyzing the structural model. The factors Cashless Society, Lifestyle, and Financial Literacy collectively explain 57.5% of the variance in students' consumption tendencies, based on the R^2 for the endogenous variable Consumption Behavior which was calculated at 0.575. Factors not included in the current model account for the remaining 42.5%.

Table 2. Q -Square

	Q^2predict	RMSE	MAE
Y Consumtive Behavior	0,539	0,693	0,555

The predictive relevance (Q^2) value was determined to be 0.539, indicating robust predictive capability and confirming the model's capacity to adequately elucidate the endogenous construct. Effect size analyses revealed that the impact of Cashless Society on Consumptive Behavior was relatively small, whereas Lifestyle and Financial Literacy exerted moderate effects, suggesting that these latter factors play a more substantial role in influencing students' consumption patterns (Hair et al., 2022)

Table 3. Hypothesis

Hipothesis	Relationship Between Variabeles	T-statistics	P-value	Decision
H_1	Cashless Society (X1) → Consumtive Behavior (Y)	2,167	0,30	Accepted
H_2	Lifestyle (X2) → Consumtive Behavior (Y)	5,642	0,000	Accepted
H_3	Financial Literacy (X3) → Consumtive Behavior (Y)	5,519	0,000	Accepted

Hypothesis testing demonstrated that all proposed hypotheses were supported. With a t-value of 2.167, a path coefficient of0.167, and a p-value of 0.030, the impact of a Cashless Society on Consumption Behavior is specifically positive and statistically significant. These findings imply that the increased utilization of digital payment systems fosters a higher propensity for consumptive spending among university students. The convenience and efficiency of digital payment platforms facilitate rapid transactions, thereby diminishing psychological barriers associated with cash payments and potentially promoting impulsive purchasing behaviors (Afiyah et al. 2024). This aligns with prior research indicating that cashless payment systems serve as significant drivers of contemporary consumption behaviors (Rahmatika et al. 2024).

Furthermore, Lifestyle was found to have a significant and positive impact on Consumptive Behavior, with a path coefficient of 0.378, a t-statistic of 5.642, and a p-value below 0.001. This underscores the influential role of lifestyle in shaping students' purchasing decisions. According to (Dilasari et al. 2021), lifestyle encompasses individuals' interests, activities, and opinions, which collectively influence consumption patterns. In the context of the digital age, social media platforms continuously expose individuals to emerging consumption trends, products, and lifestyles. Students often seek to express their identities, uphold social status, and attain social recognition through consumption activities, which may lead to decisions driven more by social and psychological motivations than by immediate needs. These findings corroborate those of (Ashilah 2023), who emphasized the significant influence of lifestyle on consumptive behaviors among Generation Z. The pronounced effect of lifestyle highlights that consumption among university students is predominantly motivated by social and psychological factors rather than purely economic considerations.

In addition, Financial Literacy was demonstrated to have a significant and positive effect on Consumptive Behavior, with a t-statistic of 5.519, a p-value < 0.001, and a path coefficient of 0.405. Among the variables examined, Financial Literacy exhibited the strongest influence on consumption patterns. This suggests that possessing financial knowledge does not inherently reduce excessive consumption; instead, students with higher levels of financial literacy tend to acquire better understanding of financial products, digital payment services, and personal financial management (Mubayin 2022). Nonetheless, such knowledge may enhance confidence in utilizing financial services and engaging in consumption activities. Consequently, while financially literate students may comprehend financial concepts, they can still engage in consumptive behaviors when influenced by attractive promotions, technological advancements, and lifestyle aspirations. This indicates that financial literacy must be supplemented with self-control and responsible financial behaviors to effectively promote prudent consumption (Rahmatika et al. 2024).

Overall, the findings underscore the significant influence of technological, social, and cognitive factors in shaping students' consumption behaviors. The positive association between Cashless Society and consumption patterns reflects the impact of digital financial transformation, while the substantial role of Lifestyle underscores the importance of social trends and self-expression. The pronounced effect of Financial Literacy suggests that financial knowledge alone is insufficient to mitigate excessive consumption without accompanying behavioral regulation. These findings are consistent with the Theory of Planned Behavior, which holds that "subjective norms, attitudes, and perceived behavioral control all have an impact on an individual's conduct" (Bosnjak et al., 2020). Therefore, strategies aimed at reducing overconsumption among university students should extend beyond enhancing financial literacy to include fostering responsible financial management, promoting self-control, and raising awareness of consumption trends in the digital era.

4. CONCLUSION

This study aims to analyze the influence of Cashless Society, Lifestyle, and Financial Literacy on the Consumer Behavior of college students in Kediri City using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. Based on the analysis, all proposed hypotheses were accepted. The research findings indicate that Cashless Society, Lifestyle, and Financial Literacy each have a positive and significant influence on college students' consumer behavior. Among these three variables, Financial Literacy has the greatest influence on consumer behavior. Furthermore, the coefficient of determination (R^2) of 57.5% indicates that the variation in student consumer behavior is explained by these three independent variables, while the remainder is influenced by factors outside the research model. These results indicate that the development of digital payment technology, lifestyle, and financial literacy collectively play a role in shaping college students' consumer behavior.

These research findings confirm that improving financial literacy alone is not sufficient to reduce consumer behavior if it is not accompanied by the ability to manage finances wisely. On the other hand, the increasing use of digital payment systems and evolving lifestyle trends are also influencing student consumption patterns. Therefore, universities, along with relevant parties, are expected to develop financial education programs that not only focus on improving financial knowledge but also instill self-control, budgeting skills, and responsible spending habits, enabling students to make more rational financial decisions and avoid excessive consumer behavior.

This study is limited to the analysis of three independent variables: Cashless Society, Lifestyle, and Financial Literacy, with students in Kediri City as the research subjects. Therefore, further research is recommended to expand the research model by adding other variables, such as self-control, peer influence, financial attitude, social media intensity, and financial technology usage, to gain a deeper understanding of the various factors influencing consumer behavior in young consumers.

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