FACTORS THAT DETERMINE FINANCIAL WELL-BEING IN DIGITAL WALLET USERS

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Abstract

This study aims to gain new knowledge and analyze the effect of financial literacy, childhood experience, impulse buying on financial well-being. This research was conducted in DKI Jakarta. The method used is a questionnaire survey method with the population used is students who use digital wallets in the DKI Jakarta area. The sampling technique used was purposive sampling technique as many as 140 respondents. While the data analysis technique uses the Structural Equation Model (SEM) with the help of SmartPLS 3.2 software. The results of this research hypothesis show that there is an influence between financial literacy on impulsive buying and there is an influence between childhood experiences on impulsive buying and there is an influence between impulsive buying on financial well-being.

Keyword: *financial literacy, childhood experience, impulsive buying, financial well-being*

1. Introduction

The development of the times also encourages the development of technology from year to year which brings many conveniences to many people, especially convenience in the financial sector or financial technology. Technological advances that are always used by the public in transactions are e-wallets or better known as digital wallets. the presence of digital wallet applications that make it easier for them to make transactions with many discounts and cashback. Based on the results of a survey conducted by Deloitte (2022), it is stated that concerns about long-term financial conditions are the highest contributing factor to generation Z stress. As many as 47% of gen Z said that they were worried about their long-term financial condition. So that many gen Z behave hedonism, which is a human habit used to fulfill the desire for satisfaction without thinking about their needs (Lina & Rosyid, 1997)

2. Literature Review

2.1 Financial Literacy

Financial literacy is a basic need that is very important for everyone, especially students. Students who have good financial knowledge and abilities will show wise financial decision-making behavior. With good financial literacy, one can make smarter financial decisions and minimize financial risk. Gahagho et al (2021)state that an understanding of financial literacy is essential for every individual to achieve an economically prosperous life in the future. Financial literacy is the knowledge and understanding of personal finance concepts that are important for individuals in managing money and making smart financial decisions (Krishna et al., 2010).

2.2 Childhood Experience

Childhood Experience is a child's experience that has a relationship with financial activities provided by parents that can vary, such as having personal savings, receiving pocket money, and discussing financial matters (Fazli Sabri et al., 2012). According to Antoni et al., (2019)Families use various ways and methods to educate their children about money, not only formal education but also family education is effective in children's financial behavior. Therefore, one thing that is difficult for parents today is teaching their children how to manage their own finances. Families influence children's financial decision-making processes and habits, how they use and earn money (Kubilay & Tuncel, 2021).

2.3 Impulsive Buying

Impulsive buying is defined as "unplanned purchases" or spontaneous purchases. When customers see advertisements on the internet, they make impulsive decisions to buy. This impulsive decision can be caused by many things, such as attractive products, discounts, or new products. Consumers are encouraged to buy goods if there are low prices and discounts (Christanto & Haryanti, 2018). According to Luodon and Bitta (in Annisa, 2022) self-esteem is a factor that influences impulsive buying behavior, they tend to pay attention to appearance in order to create self-confidence and feel more valued by others. This is more common in generation Z, not a few of them have a hedonistic lifestyle.

2.4 Financial Well-Being

Financial well-being or financial well-being is a condition that every individual wants and needs. One way to achieve financial prosperity is to continue to carry out good financial management. Joo (2008)states that financial wellbeing is a feeling of being financially healthy, happy and free from anxiety; it results from each person's personal assessment of their own financial situation. According Kurniawati and Setyo (2022) This goal can be achieved by implementing positive behavior, such as saving, allocating money according to needs, and using money wisely.

3. Material and Method

This research was carried out boldly by distributing questionnaires via Google Form. The population chosen by the researchers to study were student respondents in the DKI Jakarta area. The selection that will be used is purposive sampling. Sampling is non-probability because it is used based on certain considerations and purposes. To measure endogenous and exogenous variables using a 6 level Likert scale.

3.1 Design Study

This section describes the process of collecting and using data to answer the proposed hypothesis. Researchers choose quantitative methods to evaluate objective ideas by investigating relationships between variables using data that can be assessed statistically. Researchers are divided questionnaire to students in the DKI Jakarta area and men and women.

3.2 Data Analysis

After compiling the research instrument, the next step is to distribute the questionnaire form online through social media. After obtaining the number of samples, the data was analyzed using SEM PLS using the help of smart pls 3.2.

In this study, researchers investigated the relationship between variables which can be explained as follows:

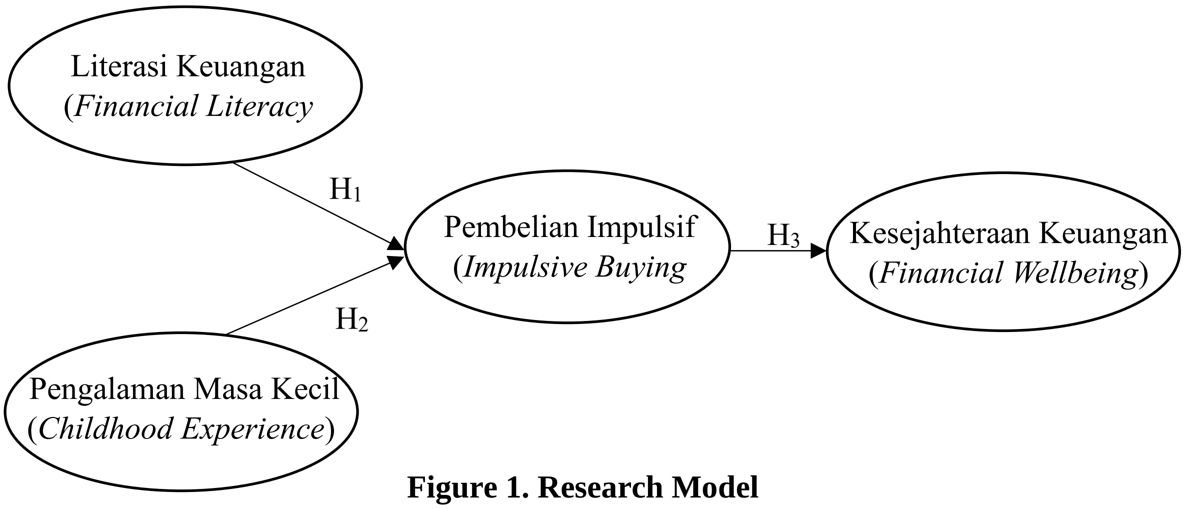

Figure 1. Research Model

Source: Processed by Researchers (2024)

Hypothesis Description:

H_1 : There is an influence between Financial Literacy and Impulsive Buying.

H_2 : There is an influence Childhood Experience on Impulsive Buying.

H_3 : There is an influence Impulsive Buying on Financial Well-Being.

4. Result

There are 3 stages in the measurement model, and the first is testing which consists of convergent validity and discriminant validity. Second, evaluate the structural model. then the final step is to investigate the relationships between the latent constructs. The internal consistency value is obtained by assessing Cronbach alpha (CA) and Composite Reliability (CR) values, as shown in Table 2.

Tabel 1. Fornell-Larcker Criterion

	CE	**FL**	**FWB**	**IB**
CE	**0.782**			

FL	0.499	**0.763**		
FWB	0.368	0.464	**0.707**	
IB	0.192	0.351	0.412	**0.533**

Tabel 2. R Square

	R Square	**R Square Adjusted**
IB	0.124	0.111
FWB	0.170	0.164

5. Discussion

This study shows that many Generation Z, especially students, feel that their financial well-being is not in line with their wishes. Impulse buying is also a factor that influences students to make purchases that they should not make. So, financial literacy factors and childhood experiences can be a reference for children to manage their finances more wisely when children start to grow up.

6. Conclusion, Implication, and Recommendation

This study makes a significant theoretical contribution, especially in the field of models of technological progress. The findings of this research provide evidence that individuals are more likely to make impulse purchases because of the convenience such as discounts, cashback or discounts. Thus, individuals tend not to be able to control their financial well-being. Therefore, individuals must have sufficient provisions regarding financial management so that financial well-being is in line with their desired goals.

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