THE INFLUENCE OF SOCIAL, LIFESTYLE, DIGITAL FINANCIAL LITERACY, AND EASE OF USE ON DIGITAL PAYMENT USE AMONG GEN Z

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ABSTRACT

This study investigates the effects of social influence, lifestyle, digital financial literacy, and perceived ease of use on the adoption of digital payment methods among Generation Z in Jepara Regency. As a cohort widely recognized for its technological proficiency, Generation Z represents the primary user base of digital financial services. Employing a quantitative research design, data were collected through questionnaires distributed to 128 income-earning Gen Z respondents. The data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. The results indicate that lifestyle and perceived ease of use have a positive and significant effect on digital payment adoption. Conversely, social influence and digital financial literacy do not show a significant impact. These findings suggest that Generation Z's adoption of digital payment systems is driven mainly by practical considerations and digitally oriented lifestyles rather than social pressure or financial knowledge. This study contributes to the understanding of young generations' financial behavior in the digital era and offers insights for the development of more user-oriented digital financial services, as well as directions for future research.

Keywords: *Digital payment; Generation Z; Lifestyle; Digital financial literacy; Ease of use*

INTRODUCTION

The use of technology has influenced almost every aspect of human life in the rapidly developing digital era, including transaction techniques (Davies, 1989). Many people, especially members of Generation Z, now prefer digital payments, which include various payment options through digital devices such as mobile banking, e-wallets, QR code systems, and fintech applications (Al-Qudah et al., 2024). The generation born between 1997 and 2012 is referred to as Gen Z (Burger et al. 2021). They are understood to be a generation that is very familiar with digital technology and has a higher tendency to use digital services in financial activities and tend to choose fast, easy, and secure payment solutions.

Digital payment systems provide a way to pay for goods or services purchased online (Tarantang et al., 2019). Currently, the use of digital payments for transactions has become a primary need for the public, especially during the recent COVID-19 pandemic, when public activity and contact were restricted. Furthermore, the use of cash for money transfers is considered one of the ways in which COVID-19 infection spreads from person to person. Consequently, implementing digital payments for transactions is the safest option (Maharani & Meiranto, 2024).

Digital payments offer practicality, speed, and convenience in transactions, perfectly suited to Gen Z's fast-paced and online lifestyle. They tend to use smartphones for various daily activities, including shopping and making payments. Furthermore, their access to information through social media and online advertising influences their preferences in choosing payment methods. This behavior, especially for Gen Z, is primarily aimed at facilitating transactions in the digital era and supporting their digital financial literacy (Andhini & Muat, 2024). In the long term, this behavior is expected to encourage them to manage their finances better, given the practicality of monitoring and recording transactions provided by digital payment applications.

The growing adoption of digital payment applications, which facilitates financial monitoring and transaction recording, is evident in the rising number of users depicted in Figure 1.
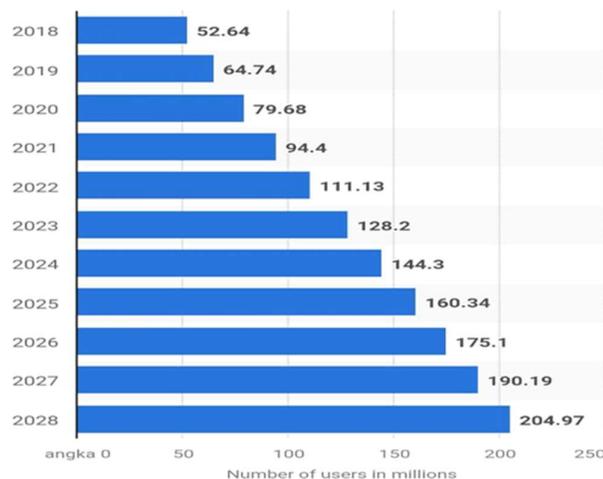
Source: Copyright Statista, 2024

Figure 1
Number of Digital Payment Users in Indonesia

Between 2024 and 2028, the number of users in the "Digital Payments" segment of the Indonesian fintech market is expected to increase further, reaching a total of 60.7 million users (+42.07 percent). This figure is predicted to reach a new peak of 204.97 million users in 2028, after ten years of continuous growth. Interestingly, over the past few years, the number of users in the "Digital Payments" segment of the fintech market has continued to rise. In Indonesia, the high level of mobile phone and internet usage by the population has accelerated the development of digital payment technology. Furthermore, through programs such as the National Non-Cash Movement and the National Cashless Society Movement, the government has encouraged the use of digital payment technology (Rachmawati & Wahyudi, 2024). In addition to government support, consumer behavior has also undergone significant changes, particularly among Gen Z.

In the context of digital payments, factors such as social role, lifestyle, digital financial literacy, and practicality are key determinants of Gen Z's adoption of digital payments (Aseng, 2020). The banking industry's adoption of fintech technology simplifies various aspects, particularly digital payments (Rettobjaan et al. 2023). The use of digital payments is studied because it is a key phenomenon in the development of the modern financial system. Implementing digital payments can accelerate transactions, reduce costs, and increase the frequency, transparency, and efficiency of the financial system (Calderon 2025). According to Bank Indonesia (2023), transactions using digital wallets increased by more than 200% compared to the previous year, indicating a growing adoption of digital payments in society. However, specifically for Generation Z, the factors influencing digital payment usage still require further study, given that they are the group most rapidly adopting financial technology.

Several key factors influence the adoption of digital payments among Gen Z. First, social factors, such as encouragement from peers, family, and the online environment, accelerate the adoption of financial technology (Damayanti and Fathihani 2023). Second, lifestyle, where trends such as the Fear of Missing Out and the realization that You Only Live Once have made some Gen Z more consumptive and less focused on long-term financial planning (Widianita, 2023). Third, digital financial literacy plays a key role in individuals' financial management skills. However, according to Aftech (2023), digital financial literacy in Indonesia is still at 25%, far below financial inclusion, which has reached 85% (Ramadhan et al. 2023). Finally, practicality, namely the belief that digital payment systems are easy to learn and implement, is a determining factor in technology adoption (Attaqi et al. 2022).

Although many studies have been conducted on the use of digital payments, previous study data shows inconsistent findings regarding the elements that influence it, especially in generation Z. Some studies found that social roles play a good and relevant role in the use or interest in using digital payments (Damayanti and Fathihani 2023), but other studies actually show that social roles do not play a relevant role in determining QRIS use in generation Z (Rachmawati & Wahyudi, 2024)

Similarly, in the digital financial literacy variable, a number of studies state that digital financial literacy has a relevant role in the use of digital payments and the determination of QRIS use (Ramadhan et al. 2023), while other studies found that digital financial literacy does not play a relevant role in the use of digital payments in generation Z (Meliasari et al., 2025).

Regarding lifestyle variables, most studies show that a modern and hedonic lifestyle plays a positive role in digital payment usage (Meilani and Kusuma 2024), but studies that simultaneously combine lifestyle with social variables and digital financial

literacy are still limited. Meanwhile, the practicality variable has generally been shown to play a positive role in digital payment usage (Zusrony et al. 2023), but some studies show different results depending on the context and characteristics of certain informants.

This means that it is important to examine how social role, lifestyle, digital financial literacy, and practicality of use influence the use of digital payments among Gen Z. This study is expected to provide a comprehensive description of the financial behavior of the younger generation in the digital era, as well as being a consideration in the development of digital financial services in Indonesia.

Social roles describe a person's perspective, which is largely influenced by the beliefs of those they trust on a particular issue (Damayanti and Fathihani 2023). Social roles play a significant role in the use of digital payments among Gen Z. The impact of social norms can motivate the use of digital payment methods, as Generation Z tends to follow trends around them. The role of peers also influences their decision to adopt digital wallets, where peer support can increase confidence in adopting new technologies (Miswanto et al., 2022).

LITERATURE REVIEW
Theory of Reasoned Action
Theory of Reasoned Action (TRA) or known as Fishbein's theory, is the theory applied in this study, developed by Fishbein & Ajzen, (1975). This theory explains that individual behavior (actual behavior) is influenced by interests or intentions (behavioral intention). This theory is applied in this study because it can explain how behavioral intention is formed from two elements: actions in behavior (attitude) and subjective norms. Social role variables are closely related to subjective norms, while lifestyle, digital financial literacy, and practicality of use shape actions in using digital payments. This means that TRA is an appropriate basis for analyzing the elements that influence digital payment usage among Generation Z.

The Technology Acceptance Model Theory
In addition to applying TRA theory, this study also applies The Technology Acceptance Model theory (TAM) was developed by Davis (1989) to describe the acceptance and use of information technology by individuals. This model states that perceived usefulness and perceived practicality of use are two key characteristics that influence technology adoption. Perceived usefulness is the idea that using a particular technology will improve performance, while perceived practicality of use is the extent to which the technology is easy to understand and apply without significant effort.

In the context of digital payments, TAM explains that the easier a digital payment system is to implement, the greater the likelihood of users using it in their transactions. The practicality of use perspective plays a key role in shaping positive behavior and technology adoption, particularly among Generation Z, who have a high level of technological adaptation. Therefore, TAM is relevant to be applied as a theoretical basis to explain the relationship between practicality of use and digital payment usage through this study (Davis 1989).

The numerous benefits offered by digital payment systems for producers and consumers have led to their immense popularity. Furthermore, the public's tendency to transact online is also high due to the growth of e-commerce (Al Qardh et al., n.d.).

The goal of electronic payment system innovation is to simplify online payment for goods. Credit card payment systems, digital currency, digital purchase total

accumulation systems, stored-score payment systems, person-to-person payment systems, electronic checks, and electronic bill payment systems are all included in online electronic payment systems (Rianto and Yoganingsih 2020).

According to Davies, (1989), an individual's level of belief that using a particular technology will improve their performance is referred to as utility. The frequency and variety of technology used determine how this utility is measured. The convenience of completing transactions quickly, the simplicity of selecting items to purchase, the convenience of shopping, and cost savings are some elements of utility (Rianto and Yoganingsih 2020).

Individuals or groups of people can be influenced by their social environment to change the way they behave or act regarding a particular issue based on their beliefs (Maharani and Meiranto 2024). Therefore, individuals may be interested in implementing a mobile payment system as a result of their social role.

Social Role

The term "social role" describes an individual's perception of the primary views of trusted individuals on a particular issue (Damayanti and Fathihani 2023). Another perspective is that social influence can be defined as the degree to which individuals perceive those around them as family or colleagues who encourage them to implement or try something new. Several studies have shown that higher levels of social influence increase an individual's interest in that technology (Rianto and Yoganingsih 2020). Social factors are a key determinant of technology adoption, including digital payments. Among Gen Z, the decision to adopt digital payments is heavily influenced by social factors such as family, peer pressure, and the internet. Growing up in the digital age, Generation Z is accustomed to social interactions on social media, other online platforms, and instant messaging apps, which accelerates the adoption of new technologies, including digital payments (Gupta and Arora 2020). This can be interpreted as meaning that the higher the social influence (social role) that an individual has in a fintech product or service, the higher the individual's behavioral intention (user interest) in a fintech product or service (Emik and Hasanuddin 2020).

According to several studies, a person's interest in a subject increases as its social impact increases (Rianto and Yoganingsih 2020). Communication at the individual and group levels can be influenced by social roles, which result from the instructions, actions, and behaviors that emerge.

Lifestyle

According to Mardiyah et al. (2022), a person's lifestyle is their pattern of activities, interests, and beliefs. A person's daily activities, their opinions on various topics, their level of concern about these things, their self-perception, and their perspective on the outside world can be used to assess their lifestyle. Due to the development of smartphone technology, social media, and electronic goods, lifestyle changes have occurred in a relatively short time and are usually excessive(Rahadi et al., 2021). Waste can occur due to the excessive use of goods or services to meet lifestyle demands (Meilani & Kusuma, 2024).

The lifestyles of the younger generation, whether luxurious or modest, are significantly influenced by financial behavior and financial literacy, as young people who live healthy lifestyles are better equipped to manage and demonstrate appropriate financial behavior (Widianita 2023). Due to the practicality and speed of obtaining various goods and services through technology, most Generation Z tends to adopt a

hedonistic lifestyle. Generation Z's dynamic lifestyle is characterized by a full concentration on the present and a lack of concern for the future (Widiantari et al. 2023). The phrase "You Only Live Once," meaning "you only live once," is popular among Generation Z today. This expression is often understood as living life to the fullest and not thinking about the future. There is also the idea of FOMO, which is the fear of missing out on trends from peers or society (Widianita 2023).

Digital Financial Literacy

All financial transactions are expected to shift to digital technology and become cashless in the future (Ramadhan et al. 2023). The Financial Services Authority (OJK) defines financial literacy as "the knowledge, skills, and confidence that influence individual actions and behaviors to improve the quality of decision-making and financial management to achieve public financial well-being" (OJK, 2022). The ability to manage one's finances to prevent overspending, adopt a frugal lifestyle, and protect personal information is understood as financial literacy.

Financial literacy in the context of online payment systems is often referred to as "digital financial literacy," encompassing the information, skills, abilities, and confidence needed to safely utilize digital financial products and services and ultimately make informed financial decisions. An understanding of the risks associated with personal data protection is essential for the practicality of online or digital financial transactions. Consequently, protecting personal information is a top priority that must be upheld by both customers and financial service providers (Pokhrel 2024).

The goal of financial literacy is to improve a person's knowledge, skills, and confidence so they can better manage their own resources (Lisdayanti et al., 2023) . According to the Indonesian Fintech Association, 25% of Indonesia's population will be digitally literate by 2023. This figure is much lower than Indonesia's financial inclusion rate of 85% (Ramadhan et al. 2023). Strong financial literacy will certainly help people achieve their financial goals and have a fulfilling life. Due to their financial habits and lifestyle, Generation Z can manage their finances efficiently with a strong understanding of financial literacy.

Good knowledge of digital payment systems also increases users' confidence in conducting cashless transactions (Ristiana 2022). Meanwhile, Madepo et al., (2024) emphasize that individuals with high digital financial literacy are more likely to understand the benefits, security, and efficiency of e-wallets, leading to increased intention and frequency of digital payment use.

Several previous studies have confirmed a positive relationship between digital financial literacy and digital payment usage (Siswanti 2023). However, these studies generally focused on university students or urban populations, while the behavior of Generation Z, who work in the industrial sector, has rarely been studied (Fadli and Indradewa 2024). Furthermore, data from different studies shows that digital financial literacy is not always a dominant factor compared to practicality or platform promotion. This highlights the need for further research in different social and occupational contexts to deepen our understanding of the role of digital financial literacy in digital payment usage.

Before making a choice, a person evaluates the practicality of use. They will decide to implement the technology if they find it easy to use (Nugraha and Prabawa 2024). A person's level of confidence that implementing a particular technology system will require minimal effort is understood as the practicality of use perspective (Attaqi et al. 2022). People assess how trustworthy a digital payment system is in using it. Several

previous studies (Meilani and Kusuma 2024) show that Gen-Z consumers in Denpasar are influenced by a hedonistic lifestyle and the practicality of using QRIS. Practicality of use has positive and relevant implications for interest in implementing digital payment systems, both directly and indirectly (Purwanto et al. 2024). Opinion studies also discuss Generation Z's determination to use QRIS (Rachmawati and Wahyudi 2024). Financial literacy, practicality, and trust are not particularly important factors.

Hypothesis
Several studies have shown that higher levels of social influence increase an individual's interest in the product (Rianto and Yoganingsih 2020). The adoption of new technologies, including digital payments, is accelerated by the fact that Generation Z grew up in a digital era where social interactions frequently occur on online platforms such as social media and messaging apps (Junianto et al. 2025). This means that the higher an individual's social influence (social role) in a fintech product or service, the higher their behavioral intention (user interest) in that product or service (Miswanto et al., 2022). The accessibility and popularity of digital payment methods can be strengthened by recommendations from those closest to them, making the use of digital payments more common among Gen Z (Al-Qudah et al. 2024). Based on the theoretical description and the results of previous research which show the important role of the social environment in shaping technology adoption behavior, the following hypothesis is formulated:

H1: Social influence has a positive effect on the use of digital payments among Gen Z.

The digital lifestyle of Generation Z has shaped consumption patterns that demand practicality and speed in transactions. Their technology-integrated lifestyle encourages them to shift to digital payment systems as a more efficient and practical part of their daily activities. It's been explained that the cashless behavior among Gen Z in Indonesia is driven by a digital lifestyle that emphasizes convenience and practicality in every transaction (Aswin et al. 2021).

In addition, convenience and innovativeness are key determinants of Gen Z's adoption of digital payments, closely linked to their modern and technologically adaptive lifestyle (Al-Qudah et al. 2024). Similarly, it has been emphasized that Gen Z's inherent digital lifestyle strengthens their intention to consistently implement digital payments in various economic activities (Andhini 2025). A lifestyle closely tied to the use of social media and digital applications has made Gen Z increasingly accustomed to digital payment methods as part of their daily activities. A study suggests that Gen Z in Indonesia obtains most of their information from instant messaging applications and social media, which in turn impacts their preferences for digital services (Evita and Prestianta 2023). This means that a technologically adaptive lifestyle positively influences the use of digital payments in this generation. Given that Generation Z lives a lifestyle closely tied to technology, convenience, and cashless transactions, lifestyle is a significant factor influencing the adoption of digital payments. Based on this explanation, the following hypothesis is proposed:
H2: Lifestyle has a positive influence on the use of digital payments among Gen Z.

The skill of understanding, organizing, and applying financial data with digital technology to make wise financial decisions is known as "digital financial literacy." An

understanding of digital financial instruments, transaction security, and online risk management are all included in digital financial literacy. A person's capacity to efficiently apply digital financial services, including digital payments, to support daily economic activities, increases with their level of digital financial literacy (Fadli and Indradewa 2024).

Individuals with high levels of digital financial literacy tend to be better able to manage their finances wisely and optimally utilize digital financial services. Knowledge of the benefits, security, and efficiency of digital transactions encourages users to be more trusting and active in implementing digital payments (Sukma et al. 2024). Several previous studies have shown that digital financial literacy plays a positive role in the use of digital financial services, as higher individual literacy levels lead to greater skills in implementing digital services effectively and efficiently (Andhini & Muat, 2024). This means that digital financial literacy can be assumed to play a key role in driving the level of digital payment usage among Gen Z. In light of the above discussion, digital financial literacy is assumed to influence Gen Z's digital payment behavior. Thus, the hypothesis is stated as follows:

> H3: Digital financial literacy has a positive effect on the use of digital payments among Gen Z.

Advances in digital technology have created various innovations in payment systems, one of which is digital payments. In the context of technology adoption, perceived ease of use is a key factor influencing an individual's decision to use a service. The easier a system is to implement, the more likely users are to incorporate it into their daily activities (Wahyuningsih and Malahayati 2025).

Practicality of use describes the extent to which individuals believe implementing a digital payment system requires minimal effort. When users perceive a digital payment application to have a simple, easy-to-understand, and efficient interface, they are more motivated to continue using it (Nizar 2022). Previous studies also show that the practicality of use perspective plays a significant role in the adoption and use of digital payment services. This means that the higher the perceived practicality, the higher the level of digital payment usage (Zusrony et al. 2023). According to the Technology Acceptance Model (TAM), ease of use is a key factor influencing the acceptance of a technology. When a digital payment system is perceived as easy to understand and operate, users, particularly those from Generation Z who are highly familiar with technology, are more likely to adopt it quickly and use it sustainably. Therefore, the following hypothesis is formulated:

> H4: Ease of use has a positive effect on the use of digital payments among Gen Z.

METHODS
Digital payment usage encompasses the use of payment systems that enable financial transactions to be conducted electronically. Studies have shown that digital payment methods have become popular due to features such as fast payments and the convenience of tracking small transactions (Ramayanti et al. 2024). Indicators of digital payment usage include frequency of use, transaction type, transaction speed, and user satisfaction (Sari and Zaerofi 2025).

Social role refers to the extent to which an individual is influenced by the opinions or actions of others in their actions, including the use of financial technology. Among Gen Z, the roles of peers, family, and social media are relevant. Social roles encourage individuals to try new things, including digital payment technology, due to a sense of

expected social acceptance (Aseng, 2020). Indicators of this social role variable, as explained by Lee (2008), include information from peers, encouragement from peers, information from family, encouragement from family, role, and status.

The term "lifestyle" describes how people spend their time, prioritizing the things they deem important around them while focusing solely on themselves and their immediate environment. A person's clothing choices, consumption patterns, and social interactions can all be indicators of their lifestyle (Amirulloh et al. 2024). Indicators of this lifestyle variable include shopping, family, self, and social issues.

Digital financial literacy is a basic understanding of financial concepts combined with the skills to apply digital tools and applications. This includes the ability to access, understand, and apply financial data with the help of technology (Lusardi 2019). Indicators of digital financial literacy include general knowledge, saving and borrowing, insurance, and investment (Puteri et al. 2024).

Practicality of Use is the level of user expectations regarding the effort required to implement a system (Davis 1989). Indicators of this practicality of use variable include ease of learning, ease of obtaining, and ease of management (Yogananda 2017).

Through this study, we apply quantitative study methods to identify and analyze the relationship between social influences, lifestyle, digital financial literacy, and the practicality of using digital payments among Gen Z. The quantitative study method itself is an approach in the psychological study method that tests theories through the study of the relationship between certain variables (Sugiyono 2017).

Informants were asked a series of questions with multiple possible answers. After the questionnaires were distributed to the currently employed Generation Z population in the Jepara region, the responses were measured using a score. The population of this study, which consisted of all employed Generation Z individuals aged 15-29 years, totaled 956,827, was obtained from data from the Jepara Regency Central Statistics Agency (BPS) on December 18, 2025. This study uses a simple random sampling technique, which is a random sampling technique from the entire population so that each individual has an equal chance of being selected as a respondent. This technique was chosen because the research population has been clearly defined, namely all Generation Z who work in the Jepara area with an age range of 15–29 years based on data from the Jepara Regency Statistics Agency in 2025. The use of simple random sampling is considered appropriate for quantitative research that aims to test the relationship between variables, because it is able to produce a representative sample and minimize bias in respondent selection. The questionnaire was then distributed to selected respondents and the answers were measured using a rating scale for statistical analysis (Sugiyono, 2019).

In this study, the sample size was determined using the method described by Hair et al. (2019), which states that sample size can be determined based on the number of indicators (observed variables), with a range of 5 to 10 informants for each indicator. In this study, there were 21 indicators, and I applied the calculation of 6 people per indicator, resulting in the required sample size: n > 21 x 6 = 126.

However, during the study, it was collected 128 informants. The addition of these two informants was done to anticipate the possibility of invalid or incomplete data. After the data selection process, the number of informants suitable for analysis still met the minimum required limit.

This study applies data collection with a questionnaire instrument measured using a Likert scale with a score range of 1 to 5, where a score of 1 indicates an answer that strongly disagrees and a score of 5 indicates an answer that strongly agrees

(Sugiyono 2017). The collected data is then processed and analyzed using the SmartPLS 4 application with the Partial Least Squares Structural Equation Modeling (PLS-SEM) method to test the relationship between variables in the study model (Sugiyono, 2017).

RESULTS AND DISCUSSION

This section explains the results of the analysis of study data regarding social roles, lifestyle, digital financial literacy, and practicality of use in using digital payments.

The characteristics of the respondents presented in Table 1 show a dominance of women, high school graduates, and the 21–25year age group as the main population of this study.

Table 1
Descriptive Statistics

Informant Characteristics	Frequency	Percentage
Gender		
1. Man	23	18%
2. Woman	105	82%
Total	**128**	**100%**
Education		
1. High School and Equivalent	110	86%
2. DI-S2	18	14%
Total	**128**	**100%**
Age		
1. 15 years - 20 years	13	10%
2. 21 years - 25 years	112	88%
3. 26 years - 28 years	3	2%
Total	**128**	**100%**

Source: Primary Research Data, 2025

Table 1 describes that this study involved 128 informants, with the majority of informants being women (105 people) and 23 men (18%). In terms of education, the majority of informants were high school graduates or equivalent, totaling 110 people (86%). The remaining 18 people (14%) had a D1-S2 educational background. The majority of informants belonged to the Gen Z age group, with the 21-25 age group dominating with a total of 112 people (88%). This was followed by the 18-20 age group with a total of 13 people (10%), and only 3 people (2%) were in the 26-28 age group. This composition of informants emphasizes that this study specifically targeted and successfully collected data from the Gen Z group with educational and age characteristics relevant to the use of digital payments.

Based on the results of the outer loading test presented in Table 2, all indicators in each construct show a dominant loading value above 0.70, so it can be concluded that the indicators used have met the convergent validity criteria.

Table 2
Outer Loading

	GH	KP	LKD	PDP	PS
GH1	0,861				
GH2	0,829				
GH3	0,867				
GH4	0,559				

KP1	0,949			
KP2	0,948			
KP3	0,948			
LKD1		0,864		
LKD2		0,834		
LKD3		0,823		
LKD4		0,818		
PDP1			0,815	
PDP2			0,869	
PDP3			0,845	
PDP4			0,851	
PS2				0,792
PS3				0,802
PS4				0,866
PS5				0,873
PS6				0,687

Source: Processed data,2025

Based on Table 2, it can be seen that all indicators in the study variables have outer loading scores above the recommended minimum limit of 0.70 (Hair et al., 2017), except for two indicators, namely GH4 (0.559) and PS6 (0.687). Nevertheless, these two indicators can still be maintained because their scores are close to the minimum and are still considered conceptually feasible in assessing the intended construct.

Table 3 presents the results of construct reliability and validity tests, including Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). These results indicate that all constructs have good levels of internal consistency and validity, thus declaring the research instrument suitable for further analysis.

Table 3
Construction Reliability and validity

	Cronbach's alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Extracted Mean Variance (AVE)
GH	0,793	0,841	0,866	0,623
KP	0,944	0,945	0,964	0,899
LKD	0,855	0,862	0,902	0,696
PDP	0,867	0,868	0,909	0,715
PS	0,869	0,909	0,903	0,651

Source: Processed data, 2025

Based on Table 3, Construct Reliability and Validity, the analysis results show that all constructs in this study have good levels of reliability and validity. Reliability benchmarks are scored using Cronbach's Alpha (α) and Composite Reliability (rho_a and rho_c). All Cronbach's Alpha scores for the variables Lifestyle (GH: 0.793), Practicality of Use (KP: 0.944), Digital Financial Literacy (LKD: 0.857), Use of Digital Payment (PDP: 0.867), and Social Role (PS: 0.869) are above the minimum of 0.70, indicating good internal consistency of the measurement instrument.

Discriminant validity between research constructs can be seen in Table 4, which

shows the relationship between the variables GH, KP, LKD, PDP, and PS to ensure that each construct has adequate conceptual differences.
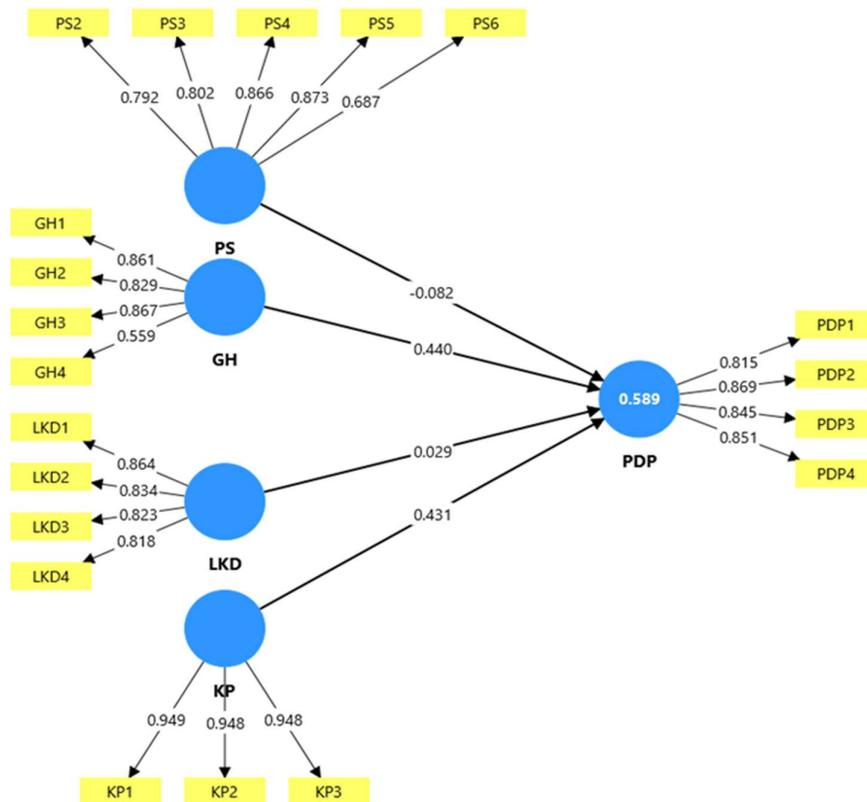
Table 4
Discriminant Validity

	GH	KP	LKD	PDP	PS
GH					
KP	0,706				
LKD	0,827	0,806			
PDP	0,800	0,759	0,690		
PS	0,588	0,392	0,622	0,322	

Source: Processed data, 2025

Based on Table 4 Discriminant Validity (using the Fornell-Larcker criteria), the analysis results show that most of the constructs used in this study have discriminant validity. According to the Fornell-Larcker criteria, the square root of the diagonal AVE score of a construct must be higher than the off-diagonal relationship score between constructs in the same row and column.

As illustrated in Figure 2, this study proposes a theoretical framework in which GH, KP, LKD, and PS influence PDP. The empirical results of the hypothesis testing presented in Table 5 indicate that GH and KP have significant effects on PDP, whereas LKD and PS do not exhibit statistically significant relationships.

Source: Processed data (2025)

Figure 2
Theoretical Framework and Measurement Model

Table 5
Hypothesis Test Results (Total effects)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
GH -> PDP	0,447	0,450	0,093	4,808	0,000
KP -> PDP	0,432	0,422	0,098	4,403	0,000
LKD -> PDP	0,017	0,020	0,095	0,173	0,862
PS -> PDP	-0,058	-0,050	0,061	0,954	0,340

Source: Processed data, 2025

Based on Table 5 Hypothesis Test Results (Total Effects), information was obtained regarding the total role of independent variables in the dependent variable of Digital Payment (PDP) Use among Gen Z. First, the hypothesis regarding the role of Lifestyle (GH) in Digital Payment (PDP) Use showed an Original Sample (O) score of 0.470. With a T statistics score of 5.300 and P values of 0.000, which is $P < 0.05$, it can be stated that Lifestyle has a good and relevant role in Digital Payment Use among Gen Z.

Discussion
In the Lifestyle (GH) variable, indicators GH1 (0.861), GH2 (0.829), and GH3 (0.867) show high outer loading scores, making it possible to state that all three indicators are valid in reflecting the lifestyle construct. Meanwhile, indicator GH4 has a score of 0.559, which although below 0.70, is still maintained because it is still considered theoretically relevant by the researcher. Furthermore, the Practicality of Use (KP) variable has a very high outer loading score, namely KP1 (0.949), KP2 (0.948), and KP3 (0.948). This shows that all indicators in this variable are very strong in describing the construct of practicality of use.

For the Digital Financial Literacy (DFL) variable, the outer loading scores for each indicator were also high, namely DFL1 (0.864), DFL2 (0.834), DFL3 (0.823), and DFL4 (0.818). These results demonstrate that all four indicators are valid in representing the construct of digital financial literacy. In the Digital Payment Usage (DFL) variable, the outer loading scores were also above 0.80, namely DFL1 (0.815), DFL2 (0.869), DFL3 (0.845), and DFL4 (0.851), which means all these indicators can reflect the construct of digital payment usage very well. Finally, the Social Role (SPS) variable has indicators with outer loading scores between 0.792 and 0.873, except for DFL6 (0.687) which is slightly below the minimum. However, this score is still acceptable because it is close to 0.70 and is still theoretically relevant in describing the social role in digital payment usage.

Furthermore, the Composite Reliability scores (rho_a and rho_c) for all constructs also showed excellent results, all exceeding 0.70. For rho_a, the scores for GH (0.866), KP (0.964), LKD (0.892), PDP (0.909), and PS (0.903) confirmed high reliability. Similarly, the rho_c scores for GH (0.866), KP (0.964), LKD (0.892), PDP (0.909), and PS (0.903) also confirmed excellent consistency.

In terms of convergent validity, the Average Variance Extracted (AVE) was applied as an indicator. All constructs in this study had AVE scores above 0.50. Specifically, the AVE scores for Lifestyle (0.623), Practicality of Use (0.820), Digital Financial Literacy (0.676), Digital Payment Use (0.715), and Social Role (0.651) all exceeded 0.50. This indicates that more than 50% of the indicator variance is explained

by each construct, confirming that each construct has met the convergent validity benchmark. This means that this study instrument has an adequate level of reliability and minimum validity to assess the variables studied.

From the table, it can be observed that for the Lifestyle (GH) variable, the square root of its AVE score (0.706) is greater than its relationship with Practicality of Use (0.627), Digital Financial Literacy (0.800), Digital Payment Use (0.588), and Social Role (not seen in the figure, but assumed to be lower than 0.706). For the Practicality of Use (KP) variable, the square root of its AVE score (0.806) is greater than its relationship with Digital Financial Literacy (0.759), Digital Payment Use (0.392), and Social Role (not seen in the figure, but assumed to be lower than 0.806). For the Digital Financial Literacy (DFL) variable, the square root of the AVE (0.690) is greater than its relationship with the Use of Digital Payment (0.622), and Social Role (not visible in the figure, but assumed to be lower than 0.690). For the Use of Digital Payment (PDP) variable, the square root of the AVE (0.322) is smaller than its relationship with the Use of Digital Payment (0.622). This indicates a problem with the discriminant validity for the Use of Digital Payment variable.

This means that the higher or more relevant Gen Z lifestyle is in technology and practicality, the greater the use of digital payments. Second, for Practicality of Use (KP) in the Use of Digital Payment (PDP), the Original Sample (O) score is 0.432. With T statistics of 4.403 and P values of 0.000 ($P < 0.05$), this hypothesis is also accepted. This shows that Practicality of Use has a good and relevant role in the Use of Digital Payment. The easier and more intuitive the use of digital payments, the higher the level of use by Gen Z. Third, the hypothesis regarding the role of Digital Financial Literacy (LKD) in the Use of Digital Payment (PDP) shows an Original Sample (O) score of 0.017. However, with T statistics of 0.173 and P values of 0.862 ($P > 0.05$), this hypothesis is rejected. This confirms that Digital Financial Literacy does not have a relevant role in the Use of Digital Payment among Gen Z through this study.

Although Gen Z may have a basic understanding of digital finance, this element is not directly a major driver of digital payment usage compared to other elements. Fourth, for Social Role (PS) in the Use of Digital Payment (PDP), the Original Sample (O) score is -0.058. With T statistics of 0.954 and P values of 0.340 ($P > 0.05$), this hypothesis is also rejected. This means that Social Role does not have a relevant role in Digital Payment Usage among Gen Z. Although Gen Z is understood to be a highly socially connected group, social pressure or norms from the environment do not seem to be a dominant element in their decision to adopt digital payments.

CONCLUSION AND SUGGESTIONS

Based on the results of the analysis can be stated that lifestyle and practicality of use have a good and relevant role in the use of digital payments among Generation Z. This shows that the more relevant Gen Z's lifestyle is in technology and the easier and more intuitive the use of digital payment systems, the higher the level of use.

In contrast, digital financial literacy and social role variables did not play a relevant role in digital payment usage. This finding confirms that although Gen Z has a high level of social connectedness and a basic understanding of digital finance, these factors are not the primary drivers of their decision to use digital payment services. This means that digital payment behavior among Gen Z is driven more by practical aspects and a dynamic digital lifestyle than by social factors or financial knowledge.

Digital payment service providers are advised to continue innovating to improve the practicality of their applications, both in terms of simple interface design,

transaction speed, and user data security. Practical access and intuitive features will encourage increased use of digital payment services among Generation Z, who are characterized by simultaneously being fast and efficient.

The government and the Financial Services Authority (OJK) need continuous efforts to improve digital financial literacy through educational programs, seminars, and digital campaigns so that the public, especially the younger generation, has better knowledge and awareness regarding the safe and trustworthy use of digital financial services. Meanwhile, Generation Z, as the primary users of digital payment services, is expected to apply the practicality of this technology wisely, not only to meet consumptive needs but also to support more focused and efficient personal financial management.

Based on the results of this study, which emphasize the importance of practicality and digital financial literacy in encouraging the use of digital payment services among Generation Z, further research is recommended to examine several additional variables that could potentially influence the adoption and continued use of these services.

First, the trust variable requires further investigation because, while the practicality of the application encourages use, data security and privacy protection significantly determine the level of user comfort in conducting digital transactions on an ongoing basis. Trust can act as a mediator between ease of use and user loyalty.

Second, the perceived risk variable is important to analyze, particularly regarding the risk of data breaches, digital fraud, and transaction errors. Digitally active Generation Z still has concerns about financial security, so risk perception can influence the intensity of digital payment service use.

Third, further research could include financial self-control or consumer behavior variables, given that the convenience of digital payments has the potential to increase impulsive spending. This variable is important to understand whether the practicality of technology actually encourages better financial management or, conversely, increases consumer behavior.

Fourth, the social influence variable is also relevant to study because Generation Z is strongly influenced by their social circle, social media, and digital trends in their adoption of financial technology. These factors can either strengthen or weaken the decision to use digital payment services.

By adding these variables, future research is expected to provide a more comprehensive understanding of the psychological, social, and security factors that influence digital payment service use, as well as produce a more robust model for explaining Generation Z's financial behavior.

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