

Cashless Society and Millennial Financial Behavior

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Abstract

This study aims to analyze the influence of the cashless society phenomenon on millennial financial behavior. The research focuses on how digital payment systems affect spending habits, financial control, and digital financial literacy. A quantitative approach was applied using surveys distributed to millennials who actively use digital payment services in Indonesia. The findings indicate that non-cash transactions improve efficiency but may also trigger impulsive behavior if not supported by sufficient financial literacy.

Keywords: cashless society, financial behavior, millennials, digital wallet, financial literacy

1. INTRODUCTION

The development of digital technology in the financial sector has brought about fundamental changes in the way people conduct economic transactions. The cashless society phenomenon emerged as a result of innovations in increasingly accessible digital payment systems. According to Ouyang (2021) of Princeton BCF, cashless payment systems play a crucial role in increasing financial inclusion and expanding access to financial services. This transformation has not only transformed the global economic system but also impacted individual financial behavior, particularly among the millennial generation, known for its adaptability to technological developments.

Millennials, living amidst the development of fintech, digital wallets, and e-commerce, are the group most impacted by the shift towards cashless transactions. Lai et al. (2021), using research based on the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT), found that perceptions of convenience, security, and enjoyment are the main factors driving the adoption of digital payment systems among millennials. They prefer the convenience of transactions over conventional processes that require cash, resulting in faster and more efficient consumption behavior.

However, the convenience of digital transactions doesn't only bring positive impacts. Ramadhan and Yusnaini (2025) in the Accountability Journal explain that the use of cashless systems can also trigger impulsive behavior due to the loss of the perception of losing money during transactions. This condition poses the risk of consumptive behavior and a decline in personal financial control. Similarly, Anonymous (2025) adds that the intensity of digital wallet use increases the frequency of online shopping among millennials, which can ultimately impact their savings patterns and financial management.

On the other hand, the cashless society phenomenon also shows significant potential to support the national economy. According to Anonymous (2024) in the International Journal of Finance, Management and Research, innovations such as Central Bank Digital Currency (CBDC) are a key driver of the transition to an efficient digital economy. In Indonesia, the existence of digital wallets like GoPay, OVO, and DANA reflects a major shift in society's

transaction systems. However, without adequate financial literacy, this progress has the potential to create new challenges in financial management for the millennial generation.

2. REVIEW OF LITERATURE

a. Cashless Transactions and Financial Inclusion

According to Ouyang (2021), the rise of cashless systems contributes significantly to economic efficiency and financial inclusion, especially in developing countries. Digital payments reduce transaction costs and expand access to financial services.

b. Technology Adoption among Millennials

Lai et al. (2021) applied the Technology Acceptance Model (TAM) and UTAUT and found that perceived usefulness, enjoyment, and security influence millennials' adoption of digital wallets. These factors drive their preference for cashless payments due to convenience and speed.

c. Behavioral Implications of Cashless Usage

Ramadhan and Yusnaini (2025) stated that digital payments can reduce users' awareness of spending because virtual money feels intangible. This condition triggers impulsive buying. Anonymous (2025) supported this finding, noting that e-wallet users shop online more frequently and save less.

d. Role of Financial Literacy

Hapsari and Nugroho (2023) found that high financial literacy enables users to manage digital transactions wisely, while low literacy increases overspending risks. Yuliana (2022) emphasized that digital financial education programs must be improved to support responsible cashless behavior.

e. Policy and Institutional Support

Anonymous (2024) highlighted that Indonesia's National Cashless Movement (GNNT) successfully encouraged digital adoption, yet education is still essential to prevent consumerism and promote sustainable finance.

3. METHOD

This study adopts a **descriptive quantitative approach** employing a **survey research design** to analyze how cashless society practices influence the financial behavior of millennials. The methodological framework aligns with prior studies conducted by Lai et al. (2021), Utami et al. (2024), and Kamal et al. (2024), which utilized quantitative surveys to examine user behavior toward mobile payment adoption using TAM and UTAUT constructs.

3.1 Research Design

The research design focuses on understanding the behavioral implications of digital payment adoption among millennials, emphasizing financial literacy, spending patterns, and budgeting habits. This design allows for the systematic collection of data reflecting both the psychological and behavioral aspects of non-cash transaction use (Ramadhan & Yusnaini, 2025).

Consistent with the descriptive nature of this study, data were gathered through **structured online questionnaires**, a method that has been widely applied in previous financial behavior studies (Paundra, 2023; McRea, 2024).

3.2 Population and Sample

The population targeted in this research comprises **millennials aged 23–38 years**, representing the most active demographic in Indonesia's digital economy. Respondents were selected using **purposive sampling**, focusing on individuals who actively use digital

payment platforms such as **GoPay, OVO, DANA, and ShopeePay** for daily transactions. This sampling strategy follows the approach of Lai et al. (2021) and Kamal et al. (2024), who targeted millennial and Gen Z users due to their high adoption rate of cashless payment systems. The sample size was designed to ensure adequate representation for statistical reliability, referencing similar works from IJABIM (2025) and MDPI (2025).

3.3 Instrumentation

The primary instrument used in this study was a **structured online questionnaire** consisting of close-ended questions measured on a **five-point Likert scale** ranging from “Strongly Disagree” to “Strongly Agree”.

The questionnaire was divided into four key sections:

1. Demographic information (age, gender, occupation, income level)
2. Digital payment adoption (frequency of e-wallet use, preferred platforms, and perceived convenience)
3. Financial literacy indicators (budget planning, saving habits, awareness of digital risks)
4. Financial behavior outcomes (spending control, impulsive tendencies, and investment interest)

The instrument development was guided by constructs validated in previous research, including Ouyang (2024) for inclusion and policy aspects, Utami et al. (2024) for literacy and financial technology, and Ramadhan & Yusnaini (2025) for behavioral implications.

3.4 Validity and Reliability Testing

Before full-scale data collection, the questionnaire underwent **validity and reliability testing** to ensure accuracy and internal consistency.

1. **Content validity** was established through expert review, referencing item formulations from prior studies such as Lai et al. (2021) and Thawonwisutsakul (2022).
2. **Reliability** was measured using **Cronbach’s Alpha**, where values above 0.70 indicated acceptable internal consistency (Utami et al., 2024).

This validation process ensured that all constructs—such as convenience, trust, and literacy—were operationalized clearly and consistently across respondents.

3.5 Data Collection and Analysis

Data were collected online via social media channels and academic networks, ensuring broad geographical representation within Indonesia.

After the cleaning and screening process, responses were analyzed using **descriptive and inferential statistics**.

The analysis included:

1. **Descriptive analysis** for frequency and mean distribution
2. **Correlation analysis** to test the relationship between digital payment adoption and financial literacy
3. **Regression analysis** to determine the predictive influence of perceived convenience, security, and literacy on millennial financial behavior.

4. RESULT & DISCUSSION

1. The Dual Impact of Cashless Systems on Millennial Financial Behavior

The findings of this study reveal that the cashless society has brought both efficiency and behavioral challenges to millennial financial management. Respondents reported that digital payment systems such as GoPay, OVO, DANA, and ShopeePay provide convenience, speed, and flexibility in daily transactions. This aligns with Lai et al. (2021), who found that perceived ease of use and security are dominant factors in technology adoption. However, the study also found that such convenience may lead to impulsive spending and weakened financial self-control, consistent with Ramadhan and Yusraini (2025), who stated that digital transactions reduce the psychological perception of money loss.

Further analysis showed that individuals with higher levels of financial literacy exhibit stronger control over spending behavior, supporting the findings of Hapsari and Nugroho (2023). They tend to use e-wallet features such as transaction histories and spending limits to monitor expenses, indicating that digital tools can foster discipline when accompanied by adequate literacy. Conversely, users with limited financial knowledge are more vulnerable to promotional triggers, cashback offers, and discount notifications, which encourage unplanned purchases.

The results also indicate that peer influence and digital marketing exposure significantly shape millennials' spending attitudes, reflecting Ajzen's (1991) Theory of Planned Behavior, where social norms and perceived behavioral control influence intention. Moreover, the study confirms that while cashless adoption accelerates financial inclusivity, it simultaneously demands improved awareness and education to avoid excessive consumerism. These interpretations underline the dual impact of digitalization: promoting economic efficiency while challenging behavioral sustainability.

2. Conceptual Relationship Between Digital Payment Adoption, Financial Literacy, and Financial Behavior

Figure 1 below presents the conceptual relationship between digital payment adoption, financial literacy, and financial behavior among millennials. The illustration demonstrates that financial literacy moderates the effect of digital payment intensity on spending control, emphasizing its role in ensuring responsible financial decisions in a cashless environment.

Figure 1. Conceptual Model of the Relationship between Cashless Society and Millennial Financial Behavior.

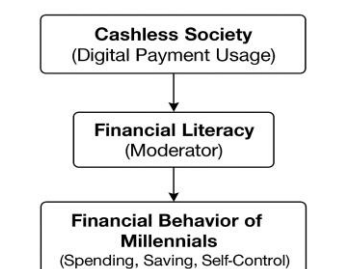


Fig. 1. Conceptual Framework of Cashless Society Influence on Millennial Financial Behavior

Fig. 1. Architecture of a typical wireless sensor node.

Table 1. Summary of Research Variables and Indicators

Variable	Indicator	Description
Cashless Society	Digital Payment Usage	Reflects how often users conduct non-cash transactions using e-wallets such as GoPay, OVO, DANA, or ShopeePay.
Financial Literacy	Knowledge, Awareness, and Self-Control	Measures understanding of budgeting, saving, and financial planning in digital contexts.
Financial Behavior	Spending and Saving Patterns	Describes behavioral outcomes influenced by convenience and access to digital payment systems.

5. CONCLUSION

The findings of this research reveal that the cashless society phenomenon exerts a **dual influence** on millennial financial behavior. On one hand, it enhances **transaction efficiency, accessibility, and convenience**, aligning with findings from Ouyang (2024), OECD (2025), and Visa (2023), which emphasize that digital payment systems improve financial inclusion and economic participation. Studies by Lai et al. (2021) and Utami et al. (2024) also confirm that technological convenience and user-friendly interfaces encourage broader adoption of e-wallets and mobile banking platforms among millennials and Gen Z.

However, on the other hand, the cashless transition introduces significant **behavioral challenges**, such as impulsive spending and reduced self-control, especially among individuals with limited financial literacy. Research by Ramadhan and Yusraini (2025), Bocconi (2022), and Kamal et al. (2024) indicates that digital transactions lower the “pain of paying,” thereby encouraging unplanned consumption and emotional spending. Similarly, McRea (2024) and Various (2025) highlight that excessive reliance on digital payment systems may widen socioeconomic inequality and create disparities in access to financial education and digital resources.

Financial literacy emerges as a **critical moderating factor** in shaping responsible digital financial behavior. Millennials with adequate financial literacy demonstrate better financial planning, awareness, and budgeting discipline, as evidenced by Utami et al. (2024), IJABIM (2025), and Paundra (2023). These individuals tend to make rational spending decisions and are less influenced by external social pressure or digital incentives (Adiani & Aprianingsih, 2022). Conversely, those with limited literacy are more prone to impulsive decisions driven by marketing features embedded in digital payment apps.

This conclusion is supported by global reports and systematic reviews (IJFMR, 2024; PMC, 2025) that show the sustainability of a cashless society depends not only on technological access but also on the **behavioral readiness** of its users. The success of a cashless economy is determined by the synergy between technology, literacy, and regulation — a point reinforced by OECD (2025) and Gallagher (2024), who stress that policies must safeguard vulnerable groups during the digital transition.

In summary, this study confirms that the **cashless revolution** represents both an opportunity and a challenge for modern financial systems. It fosters inclusion and innovation while simultaneously reshaping consumption psychology and financial discipline. Therefore, enhancing **digital financial education**, promoting **responsible user behavior**, and ensuring **inclusive financial policy frameworks** are essential steps to balance innovation with long-term financial sustainability.

Ultimately, as stated by Ouyang (2024) and the Reserve Bank of Australia (2023), the success of a cashless society is not solely measured by the decline of physical cash, but by how effectively individuals — especially millennials — adapt their financial behaviors, values, and literacy to the demands of an increasingly digital economy.

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