

Exploring the role of financial literacy in promoting E-Wallet use among gen-Z

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Abstrak

This research aims to determine the role of financial literacy in the use of ewallets among Gen Z in Palopo City. The population in this study is Gen Z in the city of Palopo with birth year qualifications ranging from 1997 to 2012, which are still Gen Z. This research uses quantitative methods and the research sample was taken using a non-probability method, namely a purposive sampling technique with the MOE (margin of error) formula.). The samples used were 150 samples with an error rate of 5%. Multiple linear regression hypothesis testing using the SPSS application. The results show that financial literacy has a positive influence on Gen Z. Likewise, ewallets have a positive and significant influence on Gen Z. The results of this study also show that the level of financial literacy is positively related to wiser ewallet usage behavior. Gen Z with higher financial literacy tends to be better able to manage their finances effectively with ewallets. The implication of these findings is the importance of financial education tailored to the needs of Gen Z to increase their financial literacy and ensure more responsible use of ewallets among this generation.

Keywords: Financial Literacy ; Ewallet ; Gen Z

1. Introduction

The development of information technology has penetrated all sectors of the economy, including the financial sector. This is proven by the emergence and development of financial technology called fintec. Fintec refers to any type of new technology that enables or improves the provision of financial services. Fintec of course has the benefits of convenience, speed and comfort but has the potential risk of data theft, fraud and even money theft. This has an impact on all aspects of society, including Gen Z. Several socio-economic factors, including age, education level and income, have been proven to have a very significant impact on the digital financial literacy of generation Z in Indonesia [1]. Technological developments in the 21st century are aimed at making everyday life easier, one of which is the existence of an electronic wallet or E-wallet which is an integral part of the electronic payment system [2]. E-Wallet developing along with the emergence of e-commerce and marketplaces in Indonesia, such as Shopee, Tokopedia, and Bukalapak. There are quite a few startups developing products in the Fintech sector, especially in the form of e-wallets, such as Ovo, Dana, GoPay, and others. Jonathan and Soelasih (2022) explained that in 2014 Bank Indonesia carried out the National Cashless Movement (GNNT) in order to encourage Indonesian people to use more non-cash instruments (cashless society) [3]. The use of digital wallets will change the way consumers make transactions and these changes will affect consumer attitudes.

The use of e-wallets as a form of financial transaction has gained significant traction in recent years with a steady shift towards digital and cashless payment methods. According to

Karim et al., nd, The term “e-wallet” is a form of digital wallet that allows a person to connect their debit or credit card to a digital wallet to carry out any transaction [4]. Payment via e-wallet is also faster and easier than conventional banking methods as it saves time and money [5]. Apart from that, security and efficiency are considerations for someone adopting an e-wallet. In this era People in the 21st century are considered to understand technology because they were born in an era where technology was developing rapidly [4].

Gen Z, born between 1997 and 2012, covers 27.94% of the 270.2 million population. Known to be fluent in technology and active on social media. Gen Z, with current technological developments, tends to be consumerist and requires more financial literacy. Even though they understand the concept of financial management such as saving, it does not guarantee that they practice saving. Research shows that the financial literacy of the younger generation is relatively low, even though they are financially active, as can be seen from credit card ownership.

This literacy increases with education. Financial literacy is defined as the ability to understand and utilize various financial concepts and tools, being crucial in ensuring the adoption of e-wallets and their effective use. This is also emphasized by (Pangestika & Achyani, nd) [5]. The literature shows that adopting fintech services helps increase financial inclusion and improve financial well-being, this is also agreed by Xu et al. (2019) [6,7]. However, apart from that, if the offering of financial products increases, at the same time these products will become more complicated [8]. And these services also contain many risks, including traditional financial risks and new risks related to the internet, for example hackers [9]. The role of financial literacy in adopting and promoting e-wallets has yielded mixed results [10, 8] concluded that financial literacy is positively related to e-wallet adoption. While others concluded the relationship was negative [11, 12].

Therefore, this research aims to prove the role of financial literacy in promoting e-wallets among generation Z, with a focus on how these two things play an important role among gen Z. It is hoped that this research will provide a more comprehensive view of the role of financial literacy in e-wallets among generations. Z at the moment.

The results of this research can also increase Gen Z's understanding of the concept of ewallet management in order to create a generation that understands financial literacy and creates responsible spending behavior. The main objective of this research is to identify the role of financial literacy in promoting ewallets among Gen Z in Palopo City. Thus, when understanding this problem, appropriate strategies and educational programs can be designed to improve digital financial understanding and skills.

2. Methodology

This research uses a quantitative approach to investigate the correlation between the role of financial literacy and intention to adopt eWallets through numerical analysis. In addition, a descriptive design was used when creating a methodical questionnaire and this approach aims to explain and analyze the phenomenon of behavioral intentions to try using eWallets for retail transactions. where conducting surveys is the only method used in research to obtain data from respondents. Data presentation is carried out quantitatively using statistical analysis to test the hypothesis. Therefore, the research carried out is counted as quantitative research.

Financial literacy and promotion of electronic wallets act as independent variables in this research, while generation Z is used as the dependent variable. The hypothesis used in this research is multiple linear regression using the SPSS application.

Meanwhile, the population of this study is generation Z in the city of Palopo with birth year classifications in 1997-2012 or those aged 12-27 years this year who use ewallet services in an unknown number. Because of the large population, sampling is necessary. The sampling method used in this research is a non-probability sampling method. Non-probability sampling is a sampling method that is taken based on the availability of elements and ease of obtaining them. The reason for using this method is because the population size is unknown. This method uses the MOE formula with a sample size of 150 samples with an error rate of 5% or in this case, for a 95% confidence level, z is around 1.96. But if we use the z value directly in percentage form, then $z=0.05$. So the MOE is 0.61, where the smaller the MOE value, the more accurate the estimated value is with the specified level of confidence. The data collection technique used is by distributing online questionnaires via a link. There are several criteria that have been determined, namely that the respondents are residents of Palopo City with an age range of 12-27 years and are ewallet users or have made payment transactions using ewallet at least once. Measurement of each variable uses a five-point Likert scale which has a gradation from strongly agree to strongly disagree with points 5 strongly agree, 4 agree, 3 neutral, 2 disagree, 1 strongly disagree.

Table 1. Table of indicator variables

Variable	Definition	Indicator	Source
Financial Literacy	Financial knowledge with the aim of achieving prosperity. This can be interpreted as meaning that preparations need to be made to welcome globalization, more specifically the globalization of problems in the financial sector.	<ol style="list-style-type: none"> 1. Basic knowledge of financial management 2. Credit Management 3. Savings and Investment Management 4. Risk Management 	(Latifiana, 2016)
Ewallet	A digital platform that allows users to store money electronically, carry out payment transactions, and transfer funds electronically	<ol style="list-style-type: none"> 1. Product stability 2. Habits in purchasing products 3. Recommend to others 4. Make a repeat purchase 	Dian & Suryono, (2018)
Gen Z	As the first social generation to grow up with access to the internet and portable digital technology from a young age, Gen Z, although not yet literate digital, has been nicknamed "digital natives" or people who grew up along with digital reform. Those born from 1997 to 2012, the demographic group that replaces	<ol style="list-style-type: none"> 1. Social media 2. Relationships with other people are important 3. Skills gap 4. Gen Z's ease of using the internet 5. Openness in accepting views and thought patterns 	Bruce Tulgan (2013)

Millennial Generation and
 before Generation Alpha.

3. Result and Discussion

3.1. Result

Validity test

Based on the results of the validity test, it is known that all calculated r values $>$ r table, so it can be said that all research instruments are valid and can be used to measure research variables.

Table 2. Validation Test

Items	Rcount	Table	Information
X1.1	0.838	0.134	Valid
X1.2	0.812		Valid
X1.3	0.797		Valid
X1.4	0.836		Valid
X2.1	0.844	0.134	Valid
X2.2	0.499		Valid
X2.3	0.772		Valid
X2.4	0.794		Valid
Y1	0.783	0.134	Valid
Y2	0.815		Valid
Y3	0.754		Valid
Y4	0.796		Valid
Y5	0.827		Valid

Source: SPSS 26 Data Processing Results, 2024

Based on table 1, it shows that all the indicators used for the Financial Literacy, Ewallet, Gen Z variables used in this research show a significance level of smaller than 0.05 or 5% and Cronbach's alpha is greater than the r -table with the number 0.134. This means that all indicators and statements for each variable in this research are said to be valid, so that reliability tests can be carried out for further testing.

The tool for measuring a questionnaire that functions as an indicator of a variable or construct is a reliability test. This reliability test was carried out using the Cronbach's Alpha statistical method. If $\alpha > 0.90$ then reliability is perfect. If α is between 0.70 – 0.90 then reliability is high. If α is 0.05 – 0.70 then reliability is moderate. If $\alpha < 0.50$ then reliability is low. If α is low, it is likely that one or more items are unreliable.

Reliability test

Table 3. Reliability test

Variable	Cronbach's Alpha	Information
Financial Literacy (X1)	0.837	Reliable
Ewallet (X2)	0.706	Reliable
Gen Z (Y)	0.853	Reliable

Source: SPSS Data Processing Results 26, 2024

Table 2 shows that the variables financial literacy, ewallet, and gen Z have Cronbach's alpha values between 0.50 – 0.70, which means moderate reliability, which shows the reliability of the measurement results. This shows the validity of the statement items used in this research. to ensure that each statement item used can produce consistent data and that if the statement is asked again, a response is obtained that is largely similar to the previous response.

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution or not. The normality test in this study used the Kolmogorov Smirnov test processed with SPSS version 26. Conclusions from the results of the normality test can be seen, namely, if the significance value is > 0.05, then the data is declared to be normally distributed and if the significance value is < 0.05, then the data is declared to be distributed. abnormal.

Analysis results

Table 4. Analysis Results

Model	Unstandardized Coefficients		Standardized	t	Sig.
	B	Std. Error	Coefficients Beta		
(Constant)	-,621	1,006		-,618	,538
1 Financial literacy	,398	,074	,300	5,372	,000
<i>Ewallet</i>	,875	,077	,636	11,397	,000

a. Dependent Variable: GEN Z

Source :SPSS Data processing results 26.2024

Based on the table above, the multiple linear regression equation is as follows:

$$Y = a + b_1x_1 + b_2x_2 + e$$

$$= 0,621 + 0.398 x_1 + 0.875x_2 + e$$

Based on the multiple regression equation it can be stated as follows:

1. The gen Z variable has not been influenced by the financial literacy variable and the ewallet variable so that the condition constant value is 0.621.
2. The regression coefficient for the financial literacy variable is positive, namely 0.398. This shows that if financial literacy increases, Gen Z's financial knowledge will also increase by 0.398 assuming other independent variables are constant.
3. The regression coefficient for the ewallet variable is positive, namely 0.875. This shows that if ewallet increases, its use among Gen Z will also increase by 0.875 assuming other variables are constant.

T test

Table 5. T test

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	Q	Sig.
1 (Constant)	-,621	1,006		-,618	,538
Financial Literacy	,398	,074	,300	5,372	,000
Ewallet	,875	,077	,636	11,397	,000

a. Dependent Variable: GEN Z

Source:SPSS Data Processing Results 26, 2024

Based on the results of the coefficients table above, the results obtained are as follows:

1. The significance result of the Financial Literacy variable (X1) is 0.000, where this result is smaller than the significance level of 0.05 or $0.000 < 0.05$ and if seen from the calculated t value of 5.372, it is greater than the t table of 1.655 or $5.372 > 1.655$. So it can be concluded that there is an influence of Financial Literacy on the success of e-wallets among Gen Z
2. Results of the significance of the variable e-wallet (X2) is 0.000, where this result is smaller than the significance level of 0.05 or $0.000 < 0.05$ and if seen from the calculated t value of 11.397, it is greater than the t table of 1.655 or $11.397 > 1.655$. So it can be concluded that there is an influence between e-wallets on Financial Literacy among Gen Z

F test

Table 6. F test

Model	Sum of Square	df	Mean Square	F	Sig.
1 Regression	1159,944	2	579,972	226,133	,000 ^b
Residual	377,016	147	2,565		
Total	1536,960	149			

a. Dependent Variable: GEN Z

b. Predictors: (constant), E-WALLET, LITERACY, FINANCE.

Source:SPSS Data Processing Results 26, 2024

The F test is used to test the influence of the independent variables, namely Financial Literacy and e-wallet together, on the dependent variable, namely Gen Z. Based on the table above, the calculated f value for the Financial Literacy and e-wallet variables simultaneously is $226.133 > f$ table, namely 1.976 and a significance of $0.000 < 0.05$, it can be concluded that Financial Literacy and E-wallet simultaneously have a significant effect on Gen Z.

Coefficient of Determination R

Table 7. Results of Determination Coefficient Values

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,869a	,755	,751	1,601

a. Predictors: (Constant), Ewallet, financial literacy

Source:SPSS Data Processing Results 26, 2024

Based on the results from the table above, the Adjusted R Square value is 0.869 or 86.9%. This means that the Financial Literacy and ewallet variables have an influence on Gen Z, namely 86.9%. Meanwhile, the remaining 13.1% is influenced by variables other than those in this study.

1.1. Discussion

2.1.1 The influence of financial literacy among Gen Z

From the results of this research analysis, it can be explained that the financial literacy variable has a positive and significant influence among Gen Z. The financial literacy variable with indicators of basic knowledge of financial management, credit management, savings and investment management and risk management is apparently able to contribute well and have a positive effect on the variable. gen Z. This is in line with previous research who also explained that the better the financial literacy of Gen Z, the better the financial behavior, especially Gen Z, will be [13; 14] The influence of financial literacy among Gen Z has a significant impact on their financial behavior. Financial literacy plays a very important role for Generation Z as it equips them with the necessary knowledge and skills to manage their money wisely by playing a key role in shaping wise and resilient financial decisions among this generation.

2.1.2. The influence of e-wallets among Gen Z

From the results of the analysis above, it can be explained that ewallet among Gen Z has a positive influence. The ewallet variable with indicators of product stability, product purchasing habits, recommending to others and repurchasing is apparently able to contribute and provide convenience for Gen Z. This is in line with previous research who both explained that the use of e-wallets makes consumers feel comfortable due to the ease of making payment transactions [15;16]. Ewallet provides convenience and comfort in transactions, providing practical solutions for online and offline payments without the need to carry cash or credit cards. The use of eWallets also encourages increased financial literacy among Generation Z as they engage in active money management through the platform. Overall, eWallets have had a significant influence in shaping Gen Z's financial behavior and lifestyle, bringing about changes in the way they interact with money and make transactions. in an increasingly advanced digital era

2. Conclusion

In conclusion, based on the results of the research that has been conducted, it can be concluded that financial literacy is widespreadn gen Z about This can be explained from the results of research that has been carried out, the better the financial literacy of generation Z, the better their financial behavior will be. A person who has good financial literacy will be able to make wise financial decisions, control expenses, set aside a portion of income for unexpected expenses and plan for the future so that this will make the individual wiser in managing his finances and aiming to face his old age. It is very important to understand the basic principles of financial literacy and the use of ewallets. Therefore, Generation Z is now expected to start from now on by making a monthly budget, learning about investment, and always evaluating expenses. When using an ewallet, make sure you understand transaction costs, security protection, and the benefits for more efficient management. Generation Z must also educate themselves about the risks and potential profits of various types of investments such as shares, bonds and mutual funds. You must also use ewallets wisely, choose a platform that is trusted and has strong security features such as two-factor authentication. And

generation Z must also learn about financial risk management and insurance to protect themselves.

Apart from that, there are several limitations in our research, namely the first is that we only used around 150 samples and this is still relatively small. So it is recommended for further research to add more representative samples according to the numbers above. Both of our studies only focused on one area, namely PALOPO CITY. It is hoped that future researchers will expand the research area to include the province of South Sulawesi and other provinces in Indonesia to provide a more comprehensive picture of understanding.

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