Financial Inclusion Acceleration Research: Analysis of Fintech Adoption Engagement in Generation Z

Putri Intan Prastiwi[1*], Erna Chotidjah Suhatmi[2], Third Author[3] , Evi Mutma'ina[4]
Duta Bangsa Univercity[1,2,3]
*Correspondence Email : **putri_intanprastiwi@udb.ac.id**

ABSTRACT	*Financial Technology (Fintech) as a form of digitalization of the rapid development of technology used in the banking sector. The increasing number of fintech users on banking and non-banking platforms is due to the facilities offered by fintech in the form of digital banks and e-wallets in the form of crowdfunding facilities, microfinancing, p2p lending services, market aggregators, digital payment systems. These various services provide convenience for their users. The condition of Indonesian society which is dominated by production groups called the millennial generation and generation Z aims to strengthen the opportunities and challenges of digital transformation. The focus of this study discusses the factors for the adoption of fintech banking or non-banking in generation Z. The research method uses a qualitative method through interviews with respondents. The sampling method uses the snowball method. The results of the study show that the factors for the adoption of financial technology in generation Z are lifestyle, hedonic behavior, social influence.*
KEYWORDS	Financial Technology, Generation Z

INTRODUCTION

Financial technology (Fintech) is a group of financial tools, platforms, technologies and ecosystems that offer easy-to-use services and reduce costs. (Sadgali et al., 2019). Fintech reduces the role of intermediaries in transactions and increases transparency. Payments, lending, and investments are assisted by Fintech (Marginingsih, 2021) (Ben Romdhane et al., 2023). Fintech businesses include person-to-person financing services, crowdfunding, payment gateways, investments, digital banks, and more. (Al-Okaily et al., 2023; Bernini et al., 2022; Chiu et al., 2017; George et al., 2022; Jahan & Shahria, 2022; Kriebel et al., n.d.; Le et al., 2021; Sain & Hayat, n.d.; Yeşildağ, 2019a, 2019b). The spread

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of financial technology into financial services is recognized and has an impact on Indonesia (Fintech Innovative Credit Scoring_INDEF_24112020, n.d.; Grayson Nelson Mullins Riley et al., n.d.; Ozili, 2022) Fintech users will increase by 52% in 2021 from 20% in 2011 (Word Bank, 2022) Digital service transactions reached 10.8 percent of shopping transactions in 2020 (APJII, 2020)

Riset Putri dan Esti (Intan Prastiwi et al., n.d.) bahwa *fintech* dalam jangka Panjang akan berkembang pesat serta dikembangkan pada riset Putri dan Umi (Prastiwi & Hanifah, 2023)ahwa ada peningkatan pengguna fintech di Indonesia ditahun 2022. Dibuktikan Pada lima tahun terakhir, jumlah transaksi fintech digital banking—yaitu, perbankan mobile dan internet—naik 118%. Jumlah perusahaan fintech nonbank (seperti Dana, Shopeepay, dll.) meningkat 5% dari 352 menjadi 336 di tahun 2023 (Assosiasi Fintech Indonesia, 2023). Pinjaman peer-to-peer lending yang tersisa pada September 2023 mencapai Rp55,7 triliun, tumbuh sebesar 14,28 persen per tahun (yoy), according to data from the Financial Services Authority (OJK), the majority of these transactions were Z (1996-2012) (Zis et al., 2021). It is proven that the value of fintech transactions is carried out by the 18-25 year age range (27.2%).

A report from the fintech association shows that generation Z has a consumptive pattern towards the use of fintech and how fintech makes loan applications and paylater easier. According to the Financial Services Authority (OJK), generation Z has more debt than other generations (Otoritas Jasa keuangan, 2023). This data is based on account ownership and the remaining loan amount from fintech P2P lending. (Koordinator & Perekonomian, 2022). According to OJK's P2P lending fintech statistics from December 2022, 62% of fintech joint funding accounts are owned by customers aged 19-35 years. This shows that the majority of fintech users are Generation Z. This triggers consumer debt influenced by hedonism factors and the fear of missing out (FOMO) event. The form of FOMO and Hedonistic behavior is due to consumer motivation. Based on the description above, the purpose of the study is to analyze the involvement factors of consumer behavioral intentions in fintech adoption in generation Z.

RESEARCH METHOD

This research was conducted in the form of direct surveys and interviews with respondents with a type of qualitative research called the Qualitative Method. In qualitative research, it is conducted through direct interviews with fintech users. The research sampling method uses the snowball method. nowball sampling is a data source sampling technique, which is initially small, over time it becomes large (Sugiyono, 2009). This is done with a small number of data sources that have not been able to provide satisfactory data, so looking for other people who can be used as data sources. In the study, a sample of 15 respondents was obtained.

RESULT AND DISCUSSION

The results of the study show that the factors that influence the adoption of financial technology in generation Z are lifestyle, hedonic behavior, social influence. The results of the interview stated that the first factor in determining the adoption of fintech in generation Z is lifestyle. The rapid development of the world in various sectors of life is directly proportional to the needs and desires of humans who are also developing. In an effort to fulfill these needs and desires, a person must work to earn income that can be used to fulfill their needs. Each individual must also be able to manage their finances for the short and long term (Liu et al., 2023). The ease of transactions triggers a person's lifestyle

in making transactions, usually a person makes transactions in cash, but due to technological developments and ease of payment via qris, transfers, debit and others, this triggers the use of fintech, and in generation Z, it is a generation that was raised in technological developments during the 1997-2012 period so that they tend to have an instant lifestyle and are given convenience so that lifestyle is one of the factors in the adoption of financial technology. (Dzakiyyah & Nugraha, n.d.).

The second factor is hedonistic behavior. Hedonistic and luxurious lifestyles are increasingly found among the generation we know as Generation Z. The findings of this study indicate that Gen-Z tends to prefer trendy goods and activities and is willing to spend more money on them. The findings of this study are in line with the findings of other researchers, such as those showing that lifestyle has a positive and significant impact on consumer behavior (Avcı & Yıldız, 2020). Based on the Theory of Planned Behavior (TPB), the development of the Theory of Reasoned Action (TRA) states that individual intentions towards behavior are formed from two aspects, namely attitudes towards behavior and subjective norms. The Theory of Planned Behavior (TPB) essentially emphasizes that individual interest in taking action to invest is influenced by behavioral attitudes, norm subjectivity, and behavioral control (Novi, n.d.)

The third factor is social influence. Where a person's social influence will increase a person's interest in using digital payment applications. The higher the interaction of a person's social environment, the greater the similarity of the group. We can analogize this when a group of people in a community or family uses fintech to facilitate financial transactions, then other family groups will also use the application because of the influence of the contagious social environment. (Kumar et al., 2023). In line with the research results that social influence has an impact on generation Z in adopting financial technology. (Intan Prastiwi et al., n.d.)

CONCLUSION

Based on the results of the study through the interview method, the factors that influence the adoption of financial technology are lifestyle, hedonism behavior and social influence. Lifestyle is a person's lifestyle in adopting financial technology. Service providers can prioritize the brand image aspect presented to customers, as well as features that are in accordance with lifestyle fulfillment. A good consumer view of digital payment service applications needs to be maintained so that customer satisfaction can always be relied on in fulfilling aspects of consumer perception and lifestyle. Second, hedonism behavior is a lifestyle behavior that focuses on seeking unlimited pleasure and satisfaction, so that with this behavior, financial technology service providers provide convenience in transactions because of the ease of shopping and other transactions. Third, social influence is where a person's social influence will increase a person's interest in being able to use digital payment applications. The higher the interaction of a person's social environment, the greater the similarity to the group. Further research suggestions are to add research methods such as quantitative methods with questionnaires to respondents so that the resulting research is more complex. The limitation of this study is that the data used only uses one type of data, namely qualitative data, so that the resulting research is less complex.

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