

# The influence of financial literacy and lifestyle on Generation Z's use of Shopee Paylater

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## Abstract

The rapid development of financial technology (fintech) has transformed the way people conduct financial transactions, shifting from conventional offline methods to more efficient online systems. This transformation provides various benefits, such as cost reduction, time efficiency, and improved accessibility. One of the most widely used fintech services in Indonesia is Shopee Paylater, a “buy now, pay later” platform utilized by approximately 78% of online consumers. This feature enables users, particularly Generation Z, to make purchases despite limited financial resources, which in turn encourages higher consumption and lifestyle patterns. This study aims to analyze the influence of financial literacy and lifestyle on Generation Z's use of Shopee Paylater. The research employs a descriptive quantitative approach using primary data obtained from questionnaires distributed via Google Forms. Sampling was determined through purposive sampling using the Wibisono formula, and data were analyzed with SPSS version 27. The results show that financial literacy has no significant effect on the use of Shopee Paylater, while lifestyle has a significant positive effect. Simultaneously, both financial literacy and lifestyle have a significant influence on the interest in using Shopee Paylater. These findings suggest that lifestyle plays a more dominant role than financial literacy in influencing Generation Z's tendency to utilize paylater services.

**Keywords:** Shopee Paylater, financial literacy, lifestyle, Generation Z

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## 1. Introduction

Human lifestyle is largely influenced by annual income and the growing demands of daily living, which often lead individuals to adjust their consumption patterns according to their financial capacity. Consequently, financial management assistance becomes essential to maintain stability between income and expenses. In this context, credit facilities or digital installment services such as Shopee PayLater have emerged as temporary solutions to fulfill lifestyle needs and daily necessities. The term PayLater originates from English—“pay,” meaning to make a payment, and “later,” meaning at a later time—referring to a financing service that allows users to make purchases without immediate payment.

The rapid development of financial technology (fintech) has provided various benefits and conveniences in financial transactions. The shift from offline to online financial accessibility has simplified processes, reduced costs, and minimized operational risks. Among these innovations, PayLater services have become one of the most widely used fintech features. Shopee PayLater—a “buy now, pay later” service—has been adopted by approximately 78% of Indonesian consumers, particularly among young adults, notably Generation Z, who frequently face financial limitations but still desire to maintain their

lifestyle (Lestari, Mutmainah, & Romandhon, 2024).

The PayLater feature makes online transactions more practical and efficient. According to the 2021 Fintech Report by Daily Social, Shopee PayLater ranked as the most frequently used buy-now-pay-later service in Indonesia, with 78.4% of respondents reporting its use. Generation Z, in particular, tends to prefer PayLater services over traditional credit cards because of their simplicity and accessibility (Alfaruqy, 2022).

Financial literacy plays a crucial role for Generation Z, who are growing up amid an increasingly consumerist and luxurious lifestyle. Individuals with sound financial literacy can manage their finances more prudently and make well-considered purchasing decisions based on their financial capacity (Rahmawati & Mirati, 2022). This is especially important as the rise of e-commerce and attractive digital features—such as Shopee PayLater—has contributed to impulsive buying tendencies among younger consumers (Andita et al., 2021).

Financial literacy is defined as the knowledge and ability to make informed financial decisions through analyzing and interpreting economic information (Abdullah et al., 2023). People with higher levels of financial literacy perceive PayLater systems as more risky and less beneficial than those with lower financial literacy (Powell et al., 2023). Poor financial decisions often occur when individuals lack essential financial knowledge or the capacity to apply it appropriately (Powell et al., 2023). According to Ma and Yao (2023), financial literacy includes an understanding of fundamental concepts such as interest rates, inflation, risk, and diversification, which are essential for making wise financial decisions—especially in a digital era that offers a wide range of financial products such as PayLater.

Lifestyle also significantly influences purchasing behavior. It refers to how individuals spend their time, prioritize their activities, and express their values through consumption (Nugroho, 2021). As noted by Silalahi, lifestyle represents patterns of consumption that reflect an individual's preferences and how they allocate their financial resources (Imam Ghaaly, 2024). In modern society, lifestyle reflects one's identity and daily routines, influencing financial decisions and expenditure behavior. Generation Z, in particular, often exhibits a high-consumption lifestyle due to their desire to follow current trends or emulate public figures. Consequently, lifestyle becomes a driving factor behind purchasing behavior and the use of Shopee PayLater (Sari, 2023).

Generation Z, defined as those born between 1997 and 2012, is characterized by a deep familiarity with digital technology and the internet. They are adaptive, quick to process information, and highly dependent on digital platforms, including financial services. Compared to Generation X and Millennials, Generation Z lives fully in the digital environment—blurring the boundaries between virtual and real-world interactions (Laturette, Widianingsih, & Subandi, 2021). As such, this generation's financial behavior is closely linked to technological innovations and digital lifestyles.

Technological advancement has also transformed payment systems, making financial transactions more efficient and accessible (Dolnicar et al., 2019). One notable example is the Shopee PayLater feature, which allows users to make online purchases through deferred payments, either in installments or lump-sum repayments (Novendra & Aulianisa, 2020). Shopee PayLater is a collaborative product between PT Lentera Dana Nusantara (a P2P lending platform) and PT Shopee International Indonesia. The service offers credit limits, interest rates, and payment schedules similar to credit cards, allowing users to buy now and pay later, thus enhancing purchasing flexibility (Mellisa & Rosmida, 2023).

Based on this background, this study aims to examine the factors influencing Generation Z's behavior in using Shopee PayLater, focusing specifically on financial literacy and lifestyle. The research seeks to answer the following questions: (1) Does financial literacy influence the use of Shopee PayLater among Generation Z? (2) Does lifestyle influence the use of Shopee PayLater among Generation Z? and (3) Do financial literacy and lifestyle jointly have a significant effect on the use of Shopee PayLater among Generation Z? The findings are expected to contribute to academic literature in financial behavior studies

and provide practical insights for improving financial awareness among Generation Z, particularly in the Cengkareng Timur area.

Three main variables were examined in this study: financial literacy ( $X_1$ ) and lifestyle ( $X_2$ ) as independent variables, and the use of Shopee PayLater ( $Y$ ) as the dependent variable. The study proposed the following hypotheses:

H<sub>1</sub>: Financial literacy has a negative and significant effect on Generation Z's use of Shopee PayLater.

H<sub>2</sub>: Lifestyle has a positive and significant effect on Generation Z's use of Shopee PayLater.

H<sub>3</sub>: Financial literacy and lifestyle jointly have a significant effect on Generation Z's use of Shopee PayLater.

## 2. Research Design and Method

This study employed a quantitative research design to examine the extent to which financial literacy and lifestyle influence Generation Z's use of Shopee PayLater. The quantitative approach was chosen because it allows for the measurement of relationships among variables through numerical data, enabling statistical analysis to determine the strength and direction of these relationships.

Both primary and secondary data were utilized in this study. Primary data were obtained through the distribution of online questionnaires using Google Forms. Respondents were asked to provide answers based on a Likert scale to measure the degree of agreement or disagreement with statements related to financial literacy, lifestyle, and the use of Shopee PayLater. Secondary data were collected from relevant literature, including academic journals, online publications, and articles discussing financial literacy, consumer lifestyle, and fintech behavior, particularly among Generation Z users.

The population of this study consisted of Generation Z individuals residing in Cengkareng Timur, totaling 388,316 people, based on population projections from the Central Statistics Agency (Badan Pusat Statistik/BPS). For the purpose of this research, Generation Z was defined as individuals aged 13 to 28 years.

Due to practical considerations such as time, resources, and accessibility, the research applied a purposive sampling technique to select respondents who met specific criteria. Purposive sampling is a non-probability sampling method used when the researcher has predetermined criteria relevant to the research objectives. The sample consisted of 50 respondents, selected based on the following inclusion criteria: 1) they belonged to Generation Z (aged 18–28 years); 2) they resided in Cengkareng Timur; and 3) they had used Shopee PayLater at least once.

Data analysis was conducted using SPSS version 27 for Windows, which facilitated descriptive and inferential statistical analysis. The use of Likert-scale data allowed for quantifying respondents' attitudes and perceptions, while statistical tests were applied to examine the hypotheses and assess the strength of relationships among the variables.

The selection of a quantitative method was based on the need for objective measurement and empirical validation of theoretical assumptions concerning financial literacy and lifestyle influences on consumer financial behavior. This approach provided measurable evidence to better understand how Generation Z makes financial decisions in the context of digital payment innovations such as Shopee PayLater.

## 3. Results and Discussion

### *Statistical Result*

#### Respondents' characteristics

The respondents of this study were categorized based on gender, age, and educational or occupational background. Based on gender, there were 24 male respondents (48%) and 26 female respondents (52%),

indicating that the majority of Shopee PayLater users among Generation Z in Cengkareng Timur were female.

In terms of age, respondents were divided into three groups: 4 respondents (8%) aged 17–20 years, 27 respondents (54%) aged 21–24 years, and 19 respondents (38%) aged 25–28 years. The majority belonged to the 21–24 age group, representing the segment most active in online shopping and digital financial services.

Regarding educational or occupational background, 30 respondents (60%) were students, 19 respondents (38%) were employed, and 1 respondent (2%) was unemployed. Hence, the largest group consisted of students or college students, who tend to engage more actively in digital payment systems like Shopee PayLater.

#### Validity and reliability tests

Validity testing for all indicators of financial literacy ( $X_1$ ), lifestyle ( $X_2$ ), and Shopee PayLater usage ( $Y$ ) showed that all items were valid since their correlation coefficients exceeded the  $r$ -table value of 0.284. Reliability testing also confirmed that all variables were reliable, as the Cronbach's Alpha coefficients were greater than 0.60—specifically, 0.609 for financial literacy, 0.753 for lifestyle, and 0.656 for Shopee PayLater usage. Therefore, the instruments used in this study were both valid and reliable.

#### Classical assumption tests

The normality test using the Kolmogorov–Smirnov method indicated that the data were normally distributed, with a significance value of  $0.200 > 0.05$ . The multicollinearity test revealed no multicollinearity among independent variables, as all tolerance values exceeded 0.1 and all VIF values were below 10. The heteroskedasticity test (Glejser test) also showed no heteroskedasticity, since the significance values for all variables were greater than 0.05. Therefore, the regression model fulfilled all classical assumptions.

#### Multiple linear regression analysis

The results of the multiple regression analysis are presented in the Table 1. Based on the regression analysis, the following equation was obtained:

$$Y = 11.786 + 0.036X_1 + 0.369X_2 + e$$

The regression equation illustrates the partial relationship between the dependent and independent variables. The constant value of 11.786, which is positive, indicates that the use of Shopee PayLater ( $Y$ ) will increase by 11.786 units when the independent variables—financial literacy ( $X_1$ ) and lifestyle ( $X_2$ )—are assumed to be constant or zero. The coefficient of financial literacy ( $X_1$ ) is 0.268, meaning that a one-unit increase in financial literacy will increase Shopee PayLater usage ( $Y$ ) by 0.268 units, and a one-unit decrease will reduce it by the same amount, assuming other variables remain constant. Meanwhile, the lifestyle variable ( $X_2$ ) has a coefficient of 0.369, indicating that a one-unit increase in lifestyle will increase Shopee PayLater usage ( $Y$ ) by 0.369 units, and a one-unit decrease will reduce it by the same amount under the same assumption.

**Table 1. Results of Multiple Linear Regression Analysis**

Variable	Unstandardized Coefficients (B)	t-value	Sig.
Constant	11.786	3.942	0.000
Financial Literacy ( $X_1$ )	0.036	0.260	0.001
Lifestyle ( $X_2$ )	0.369	3.455	0.001

Source: SPSS Output (2025)

Table 2. Results of F-Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	49.284	2	24.642	4.402	0.003
Residual	180.896	47	3.849		
Total	230.180	49			

Source: SPSS Output (2025)

Table 3. Results of Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.700	0.489	0.473	2.588

Source: SPSS Output (2025)

#### t-test (partial test)

Based on the Table 1, it can be concluded that the financial literacy variable ( $X_1$ ) has a negative and significant effect on the decision to use ( $Y$ ), as indicated by a significance value of  $0.001 < 0.05$  and a t-count of  $0.260 < t\text{-table of } 1.677$ , meaning that  $H_1$  is not accepted. Meanwhile, the lifestyle variable ( $X_2$ ) has a positive and significant effect on the decision to use ( $Y$ ), with a significance value of  $0.001 < 0.05$  and a t-count of  $3.455 > t\text{-table of } 1.677$ , indicating that  $H_2$  is accepted.

#### F-test (simultaneous test)

The F-test produced a significance value of  $0.003 < 0.05$ , indicating that financial literacy ( $X_1$ ) and lifestyle ( $X_2$ ) jointly have a significant influence on Shopee PayLater usage ( $Y$ ).

#### Coefficient of determination ( $R^2$ )

The Adjusted  $R^2$  value of 0.473 indicates that 47.3% of the variation in Shopee PayLater usage can be explained by financial literacy and lifestyle, while the remaining 52.7% is influenced by other factors not examined in this study.

### Discussion

The results of this study reveal that financial literacy has a negative and insignificant effect on Shopee PayLater usage among Generation Z. This suggests that higher levels of financial literacy do not necessarily discourage or promote the use of credit-based payment systems. This finding aligns with the notion that financial knowledge alone may not directly translate into prudent financial behavior, especially among younger consumers who are more influenced by convenience and peer trends than by rational financial decision-making. The relatively weak effect of financial literacy may also reflect a lack of effective financial education or awareness programs among young people in West Jakarta, resulting in limited behavioral impact despite adequate theoretical understanding.

In contrast, lifestyle has a positive and significant influence on Shopee PayLater usage. This indicates that individuals with a more consumptive or trend-oriented lifestyle are more likely to utilize pay-later services. The finding is consistent with the research of Asisi (2020), which highlights that modern youth are increasingly driven by social pressure, trends, and the desire for social recognition, often leading to impulsive consumption patterns. Generation Z, in particular, is highly exposed to digital media and peer influence, which may encourage them to use credit-based digital payment systems as a means of maintaining social status and lifestyle aspirations.

Furthermore, the simultaneous test (F-test) confirms that financial literacy and lifestyle together significantly affect the tendency to use Shopee PayLater. This suggests that while lifestyle is a dominant factor, the interplay of financial awareness and consumer behavior shapes the overall decision-making

process regarding digital financial products. The  $R^2$  value of 47.3% demonstrates that nearly half of the behavioral variation can be explained by these two factors, signifying a moderate model fit and emphasizing the multifaceted nature of financial decision-making among young digital consumers.

Overall, the findings underscore that lifestyle factors outweigh financial literacy in influencing the adoption of pay-later services among Generation Z. This implies that marketing strategies and consumer education initiatives should not only focus on increasing financial literacy but also address behavioral and psychological dimensions—such as self-control, peer influence, and digital consumption habits—to promote more responsible financial behavior.

#### 4. Conclusions

Based on the results of the study examining the influence of financial literacy and lifestyle on Generation Z's use of Shopee Paylater, several conclusions can be drawn. The findings reveal that financial literacy does not have a significant effect on the use of Shopee Paylater. This suggests that even though individuals may possess adequate financial knowledge, it does not necessarily translate into more cautious financial behavior when using digital credit facilities. Generation Z users tend to prioritize convenience and instant gratification over long-term financial considerations, indicating a gap between knowledge and behavior. Conversely, lifestyle exerts a positive and significant effect on the use of Shopee Paylater. This implies that a more consumptive lifestyle and a desire to follow social trends encourage individuals to rely on buy-now-pay-later services to sustain their consumption patterns. Furthermore, financial literacy and lifestyle jointly have a significant positive effect on the use of Shopee Paylater among Generation Z, indicating that these two factors interact in shaping the spending decisions of young consumers in the digital economy.

The results of this study have both theoretical and practical implications. Theoretically, this research supports behavioral finance theory, which explains that individuals' financial behavior is not always rational but is influenced by lifestyle and social factors. Practically, the findings emphasize the need for continuous financial education and awareness campaigns targeting Generation Z to improve their ability to manage credit responsibly. Financial service providers, including Shopee, can also use these insights to design more ethical credit systems that promote responsible usage through spending limits, reminders, or educational pop-ups. In addition, policymakers and educators should collaborate to develop financial literacy programs that not only provide knowledge but also shape positive financial attitudes and habits among young digital consumers.

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