

## **Does Fintech Literation Affect Cashless Society and Individual Shopping Culture?**

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### **Abstract**

This research examines the impact of financial technology literacy on the phenomenon of a cashless society and the changes in individual spending culture in the millennial generation. Respondents in this study are millennials, particularly those born and grew up amid technological advances. They live in different Indonesian cities like Jakarta, Bogor, and Tangerang (Jabodetabek). This study employs the Structural Equation Modelling (SEM) to analyze the data. The result showed a significant positive effect of fintech literacy on a cashless society, fintech literacy on the individual shopping culture changes, cashless society on the personal shopping culture changes, and fintech literacy on the individual shopping culture changes in a cashless society. The results also show an increased cashless society; the millennials fully understand financial technology literacy. This condition will affect the transformation of the individual spending culture. In addition, the increased cashless society phenomenon will affect the culture of personal spending changes. The results are beneficial for the government's financial technology policy. The fintech companies can use it as the evaluation material and motivation to innovate the fintech-based business.

**Keywords:** Fintech literacy, Cashless society, Individual shopping culture, The millennial generation

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## **1. Introduction**

Technology has become a part of human life, and human dependence on it is irreversible. One of the technological advancements in finance is financial technology. Coping with it, people need the knowledge of it. Xu and Zia (2012) stated that financial literacy is the financial awareness and understanding of financial products, financial institutions, and concepts regarding managing finances. Currently, people make online transactions and get online services much easier due to the advancement of information technology and the fast internet penetration. Consequently, it encourages people to make use of more digital financial services. This digital financial service known as financial technology is later shortened to fintech. Therefore, people must act smartly by taking advantage of the ease and effectiveness of digital interactions and transactions in the digitalization era.

The development of the financial technology (fintech) business has also influenced companies' appearances in the digital financial sector. The emergence of these electronic payment instruments allows people to transact without cash or the phenomenon of a cashless society (Rifah, 2019; Alonso et al., 2020). The cashless society phenomenon is not a new atmosphere since it was developed globally and nationally several years ago. The Indonesian government began to support the cashless society program in 2014 when the government launched the National Non-Cash Movement (GNNT) followed by the implementation of a comprehensive non-cash payment system for toll road payments in 2017. This government's vision is called 'Go Digital Vision 2020'.

The government has recently echoed its vision of creating a cashless society amid the massive cash transaction system. As a result, the program does not fully succeed. Compared to such countries as Sweden, China, and India, whose cashless systems are best practices, Indonesia is still in the second-largest rank of cash transaction users globally. Indonesia, therefore, still needs to develop the technical aspects and the knowledge of fintech continuously. Fintech development is a shared responsibility of the government, companies, and the community. The goal of creating a cashless society will be achieved if fintech is used massively. The potential of digital finance will still be wide open in the momentum of the demographic bonus because the population of productive age will be dominated by generation Z and millennials (Kaifi et al., 2012; Rappaport & Stones, 2019). These generations grow up with rapid technological development, and the internet has become part of their lifestyle.

Millennials are considered more able to adapt to a new culture of cashless payment because millennials are a technology-literate generation and live amid the internet. The rapid advancement of technology and information also changes people's shopping culture. They tend to use non-cash transactions. In addition to the fast technological advancement, the covid-19 pandemic also triggers a change in people's lifestyles worldwide. The differences cover the sectors of health, society, and economy. The covid-19 makes people stay at home, work from home, and do the self-isolation and social distancing. These new rule activities result in a unique lifestyle in terms of working patterns, decision-making, and shopping activities. Of the three lifestyles, the shopping activity experiences an increase during the covid-19 pandemic. The Central Statistics Agency (BPS) data related to demographic and social studies showed that 9 out of 10 respondents stated that their online shopping activity rose significantly. Online shopping can prevent people from being infected by the coronavirus since the cash is believed to transmit the virus. It indirectly helps Bank Indonesia's cashless transaction program. Even though the covid-19 cases have decreased recently, people still do their online activities during the new normal implementation.

The increasing business of financial technology causes the presence of digital financial companies (Azarenkova, 2018; Rif'ah, 2019). Some digital financial products are credit cards, debit cards, and electronic money (e-money). Electronic payment instruments will allow people to transact without cash, known as the cashless society phenomenon. The more fintech product knowledge the people have, the more they use the fintech, creating a cashless society. This is supported by Kraiwanit et al. (2019) regarding a cashless society in Thailand. It shows that income and internet use are significantly related to cashless society access. In Indonesia, many Small Medium Enterprises (SMEs) producing batik clothes (Indonesian wax-resist dyeing cloth) have implemented non-cash payments to support digital financial literacy (Citradika et al., 2019).

The results of previous research regarding the influence of fintech on individual shopping culture were documented by Maida (2019), stating that e-money has a positive effect on personal shopping culture. The development of e-money affects the number of new players in the world of financial services, such as fintech, and changes the Indonesian consumer culture (Maida, 2019). Technology plays a fundamental role in the cashless payment system, and people must cope with this system. In line with this, Kim and Kim (2018) state that technological readiness significantly impacts perceived usefulness and perceived ease of use.

Concerning the ease of use, the e-wallet has its influence. A study on the e-wallet found that the use of e-wallets was significantly influenced by the variables of convenience, social impact, and speed (Chern et al., 2018).

The problem in Indonesia today is that the financial literacy of the Indonesian people is still low. In 2016, the Indonesian people's financial literacy was 29.7%, with financial inclusion of 67.8%. Based on the National Literacy and Financial Inclusion (SNLIK) survey, this result was conducted in 2016 of 9,680 respondents in 34 provinces. This research focuses on the millennial generation who live in the capital city of Jakarta and the surrounding area with the consideration of having better financial technology knowledge than other regions in Indonesia.

This study aims to determine the effect of fintech literacy on a cashless society and changes in shopping culture in Jabodetabek for the millennial generation. This study is different from previous studies because previous researchers have not examined the impact of financial technology literacy on changes in individual shopping culture with the increasing phenomenon of a cashless society as an intervening variable in the millennial generation. This research fills previous gap research (Chern et al., 2018; Kim & Kim, 2018; Maida, 2019; Kraiwanit et al., 2019; Li et al., 2020; Sreelakshmi & Prathap, 2020).

## **2. Theoretical Background and Literature Review**

### **2.1. Financial Technology Literacy**

The presence of financial technology will help people who have problems with their financial management. This happens because fintech will help improve people's financial literacy, marked by an increasing understanding of financial products. At the same time, the definition of financial literacy is the combination of awareness, knowledge, skills, attitudes, and behaviours needed to make financial decisions with the ultimate goal of achieving individual economic well-being (OECD/INFE 2015).

The rapid progress of information technology, especially internet penetration, has triggered the increasing presence of financial technology. Fintech itself is a technological innovation in the financial sector that serves as the modern-technology-based financial services; it was defined by the National Digital Research Centre (NDRC) in Dublin, Ireland. The World Bank (2016) defines fintech more broadly as an industry consisting of companies that use technology to make the financial system and financial services more efficient. Financial literacy is considered

an essential adjunct to promoting financial inclusion, consumer protection, and financial stability (Vijayvargy & Bakhshi, 2018; Akileng et al., 2018).

The financial services offered by fintech are increasingly diverse, ranging from crowdfunding, loans, payments, insurance, and remittances. All of these have become a form of revolution in the start-up business. Fintech financial services make business activities more efficient, and consumers feel more comfortable because they can transact without being limited by time and place. By relying on smartphones, all business transactions can be done quickly without meeting face-to-face. As an illustration, crowdfunding provides an opportunity for you to get funds from all over the world. Even the funds you receive can come from people you don't know because fintech makes it easy to send money across countries or internationally. For example, such payment services as PayPal will automatically change the currency exchange rates; those in America can easily buy goods from Indonesia. Based on this exposure, consumer behaviour and expectations can vary with the presence of fintech.

## **2.2. Cashless Society**

The cashless society is seen as an alternative medium for payment other than cash (hard cash) used in trade transactions for goods or services. In this case, the exchange of money between the parties involved in the transaction is replaced through electronic systems, such as electronic payments (e-payments), credit cards, and other electronic payment models (Rif'ah, 2019). There are several benefits of using mobile money (transactions or payments using mobile phones) in public benefit distribution schemes. The benefits include increased efficiency, transparency, and traceability of disbursements (Thompson, 2017).

A cashless society is a new social setting that does not view money as such physical forms as sheets of paper or metal coins. Instead, it uses a new system called electronic money (e-money) as a medium transaction. The emergence of the concept of a cashless society is also based on the fact that the physical use of cash transactions requires a lot of costs, such as the issuance of physical money, circulation and distribution, maintenance, and the replacement of damaged/obsolete money.

## **2.3. Changes in Online Shopping Culture and Behaviour**

The industrial revolution 4.0, which uses technology and the internet, is the economic driven to reform the economy, culture, and the spending behaviour of individuals all over the world. The

purchase of goods and services through the internet is a form of online shopping behaviour which has become a new culture of buying goods or services. Online sales are growing in use, effectiveness, security, and popularity. Consumers don't need to spend a lot of energy when shopping online; just by looking at the website, they can immediately complete the transactions (Dedy & Dita, 2018).

Online shopping behaviour has increased since the millennials have changed their shopping habit from offline to online shopping. They were born and grew up amid the rapidly developing digital world, which causes them to become very familiar with information technology. Millennials are individuals born in the 1980s and 2000s (Kaifi et al., 2012).

## **2.4. Hypothesis Formulation**

### **2.4.1. The Effect of Financial Technology Literacy on The Increasing Phenomenon of Cashless society**

The growing financial technology business influences the increasing number of digital financial products. Digital financial products are debit cards, credit cards, or electronic money (e-money). If the fintech business can develop, it indicates an increase in literacy and knowledge of the fintech product itself. More people have an excellent literacy level (well literate) towards fintech products. It will affect the number of fintech companies that have sprung up; thus, the massive use of fintech creates a cashless society (Rif'ah, 2019).

Based on several studies, the main factors affecting financial literacy are gender, education level, occupation, region, and wealth. However, Kharchenko (2011) found that age and area of residence are not significant in explaining financial literacy. Research conducted in Thailand by Kraiwanit et al. (2019) shows that age, education, income, and internet use are significantly related to cashless society access. This illustrates that education is an essential factor affecting financial literacy and a cashless society. Research conducted by Lie et al. (2020) strengthens this statement because the results of the research state that financial knowledge has a positive effect on mobile payments. A study of young people conducted by Trinugroho et al. (2017) showed that the perception of readiness was positively correlated with the quality of supporting facilities. More educated, younger people had high enthusiasm for this cashless system. In addition, the HBM (Health Belief Model) construct, namely perceived severity, perceived susceptibility, and self-efficacy significantly affects the adoption/confirmation of mobile-based payments (Sreelakshmi & Prathap, 2020).

Based on the description above, the first hypothesis is:

H1: Financial technology literacy has a positive and significant impact on the increasing phenomenon of a cashless society

#### **2.4.2. The Influence of Financial Technology Literacy on Individual Shopping Culture Changes**

People quickly accept the fintech services due to their various benefits such as practicality, convenience, and speed. It is even believed that financial innovations carried out by fintech increase financial literacy and financial inclusion in households. An empirical study conducted by Maune et al. (2020) shows that financial inclusion positively impacts economic growth. In addition to this phenomenon, fintech is incomparable to other startups, and it can fundamentally change the business landscape and economy. Fintech also has an essential role in changing consumer behavior and expectations. Fintech benefits the economy; it increases consumer satisfaction with reduced transaction costs. It is a source of income for non-cash payment service providers. It is a time-economized transaction, and it improves economic growth and welfare levels.

Research conducted by Kim and Kim (2019) showed a positive relationship between technological advances and consumer online shopping culture changes. Their research reveals that the benefits and conveniences offered by technology readiness and services are the driving force for the intention to continue using these services. Thus, it has enormous potential to change the consumer online buying culture. Knight (2017) emphasizes that online transaction behavior will reach a wider community if fintech can provide more financial services. The presence of fintech also changes individual online shopping behavior in Muslim countries. Biber's research (2019) found increased financial inclusion, especially among women in Muslim countries.

Based on the theory and previous research, the second hypothesis is:

H2: Financial technology literacy has a positive and significant effect on individual shopping culture changes

### **2.4.3. The Influence of Increasing Cashless Society Phenomenon on Individual Shopping Culture Changes**

There are still many studies on a cashless society's nature and practice, although there is not an exact definition of it. A cashless society is a new group of people who do not perceive money as physical forms of sheets of paper or metal coins. Electronic money, known as e-money, replaces the physical structures of money for transactions. The emergence of a cashless society is also based on the fact that the physical use of cash in transactions requires a lot of costs for the issuance of physical money, circulation and distribution, maintenance, and the replacement of damaged/obsolete money. In addition, the awareness of potential frauds and crimes also makes people realize the usefulness of a cashless platform. In this way, the government can prevent illegal transactions and practices by managing and supervising the financial and trade transactions through electronic reports.

The development of e-money affects the number of new players in the world of financial services such as fintech and changes the Indonesian consumer culture. User motives in e-money are classified into two motives: because-of motive and in-order-to motive. The because-of motive users consist of a desire not to be stuck in traffic congestions, a willingness to follow the rules of payment methods in public transportations, a passion not to hold cash, and a desire to shorten the time of the transaction process. On the other hand, in-order-to motive users consist of three motives: practical and efficient transaction process, getting the desired discount, and having transaction records.

Goel et al. (2019) argue that professionals and business people use digital payment methods. Offers and cashback are among other factors influencing people to use digital payment platforms. In particular, the one percent rise in the population using cell phones may increase the income by about 0.3 percent. The one percent increase in financial inclusion has a dual impact on revenue (Ghosh, 2016). Meanwhile, convenience, social influence, and speed significantly influence students who use the e-wallet, but factors of security and gender have no significant effect on e-wallet usage (Chern et al., 2018). Based on this study, the subjective elements and the perceived usefulness of online transactions influence the intention to shop online. Lim et al. (2016) found a positive impact of purchase intention on online shopping in their research.



Shopping or making transactions without using cash have become commonplace for the millennial generation. They are accustomed to using electronic devices such as debit cards, credit cards, or electronic money to make payments. Ultimately, the cashless society phenomenon has altered millennials' current consumption patterns and behavior.

Based on the previous theory and research, the third hypothesis is:

H3: The cashless society phenomenon has a positive effect on shopping culture changes.

#### **2.4.4. The Influence of Financial Technology Literacy on Individual Shopping Culture Changes Through the Cashless Society Phenomenon**

The industrial revolution 4.0, which uses technology and the internet, is the economic-driven to reform the economy, culture, and the spending behavior of individuals all over the world. The purchase of goods and services through the internet is a form of online shopping behavior, and it has become a new culture of buying goods or services. Online sales are growing in use, effectiveness, security, and popularity. Doing a successful online business, we need to perform the proper strategy to attract internet users and keep them in our business tract; the appropriate approach is to fully understand the consumers' online purchasing behavior.

Current technology has developed quite rapidly, influencing the payment system development, especially the non-cash payment system. The non-cash payment system currently replaces the cash payment system in Indonesia's economic transactions. The development of e-money through information technology innovation continues to create a cashless society. This community uses non-cash transactions by taking advantage of these electronic transaction facilities.

Most young people still do not entirely understand the financial technology term. They merely know it in the meaning of words and cashless knowledge for young people. The GO-PAY electronic transaction system run by the Indonesia online transportation service has not reached many consumers, leading to an unlucky prospect. However, the TAM theory explains that this condition can be better when researchers keep providing education on the cashless payment benefits to all people (Ferdiana & Darma, 2019). Meanwhile, the study shows that mobile money adoption and its direct or indirect use affect financial inclusion (Gogia & Agrawal, 2016; Okella et al., 2020). Besides, the adoption and the use of mobile money and digital consumer protection influence financial inclusion. This is in contrast to the research conducted by Putri

et al. (2019) called the method of payment adoption in Indonesia. E-commerce launches effortless payment methods, which are frequently used in e-commerce transactions; it was found that e-commerce customers are less interested in the payment methods because they are charged. The higher an account owner feels secure over a payment method, the higher their balance. A different study was also conducted by Kumar et al. (2019) to predict online repurchase intentions with e-satisfaction as a mediator, showing that security, privacy concern, trust, and ease of use (EOU) has a significant positive relationship with repurchase intention. These findings also reveal that electronic satisfaction has a fully mediating effect between security and repurchase intention and trust and repurchase intention. The development of e-money supports the cashless society by using these electronic transaction platforms (Maida, 2019).

Based on the explanation above, the fourth hypothesis can be obtained as follows:

H4: Financial technology literacy has a positive effect on individual shopping culture cultures through the cashless society phenomenon

Based on previous theory and research, the author makes a research framework in the following figure:

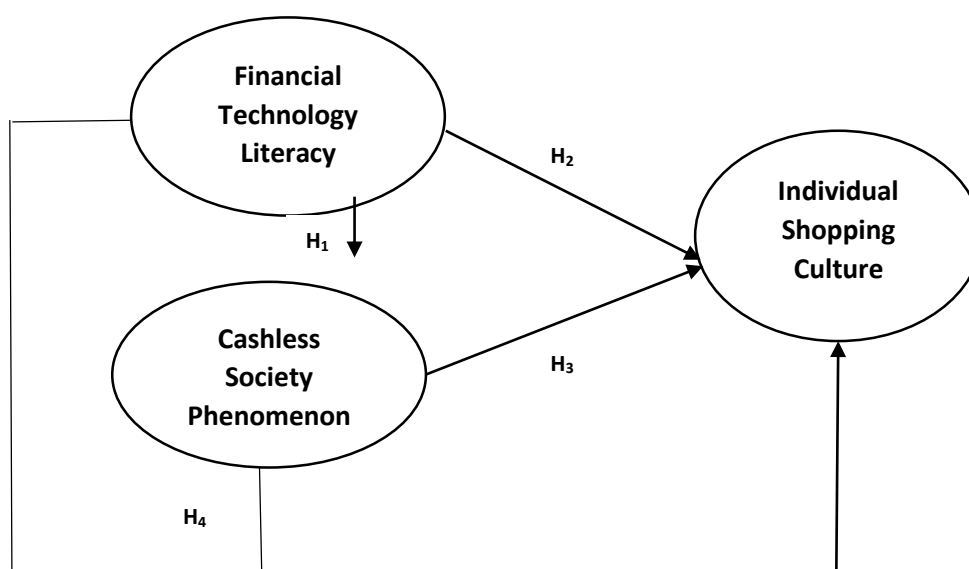


Figure 1. Research Framework Scheme

### 3. Methodology

The data in this study were from questionnaires distributed to millennial respondents living in the Greater Jakarta area. The data collection took three months, from May to July 2020. This research is causality research because it intends to reveal the influences of a dependent variable and independent variable. The sample in this study was 100 millennials in Jabodetabek. The sample size refers to the Hair formula because the population size is unknown. The sampling method uses Hair (2010:176) which explains that if the sample size in the study is too large, for example, 400, the approach to get the goodness of fit measures will be challenging. Hair recommends sampling a minimum of 5-10 observations for each parameter. The following is an operating table of research variables:

**Table 1.** Operational Definition of Variables

<b>Variable</b>	<b>Variable Concept</b>	<b>Indicator</b>
<b>Financial Technology Literacy (LF) Independent Variable</b>	Fintech literacy is a priority level in increasing the cashless society phenomenon and changing individual spending in the millennial generation in Indonesia. Ansori M, 2019: 5; Wildan, 2019.	<ol style="list-style-type: none"> <li>1. Fintech knowledge</li> <li>2. Fintech services</li> <li>3. Fintech development</li> <li>4. Fintech potential</li> <li>5. Fintech barriers</li> </ol>
<b>Cashless society phenomenon (CS) Intervening Variable</b>	A cashless society is a term that refers to people who transact without physical money; instead, they use the digital financial transaction. In daily transactions, people do not use real money, but digital money. Bintarto and Elshabyta, 2018; Rif'ah, and Sifwatir, 2019.	<ol style="list-style-type: none"> <li>1. The trigger for a cashless society</li> <li>2. The influence of the cashless society</li> <li>3. Benefits of a cashless society</li> <li>4. The weaknesses of a cashless society</li> </ol>
<b>Individual shopping culture changes (SC) Dependent Variable</b>	The industrial revolution 4.0 which uses technology and the internet is the economic-driven to reform individuals' economy, culture, and shopping behaviour in the world. Harahap & Dita, 2018; Maida, 2019	<ol style="list-style-type: none"> <li>1. Individual attitudes towards online shopping culture</li> <li>2. Lower costs</li> <li>3. Convenience, time-saving</li> <li>4. There is an increasing trend of online shopping.</li> <li>5. Individual confidence level</li> <li>6. Ease of use of the system.</li> </ol>

- 
7. Perceptions and influences of people around you.
  8. Uncertainty in using the system
- 

*Source:* Compiled by authors

The data analysis used in this research is the Structural Equation Model with Smart Partial Least Square software. The research model to test direct and indirect hypotheses is as follows:

$$CS = \beta_1 LF + \varepsilon_1 \dots (3.1)$$

$$SC = \beta_2 LF + \beta_3 CS + \beta_4 LFCS + \varepsilon_2 \dots (3.2)$$

Information:

CS = Cashless Society

LF = FinTech Literacy

SC = Shopping Culture

LFCS = Indirect Effect of FinTech Literacy

$\varepsilon$  = Error

To test the relationship between variables (hypothesis testing), a statistical value is used to compared the table value or significant value (P Value). If the t-statistic value is greater than the t-table, or the significance value (P-value) is less than 0.05, the hypothesis can be accepted. Conversely, if the t-statistic value is smaller than the t-table, or the significance value (P-value) is more than 0.05, the research hypothesis is rejected (Wati, 2018).

## **4. Results and Discussion**

### **4.1. Descriptive Analysis Results**

Table 2 below describes the minimum, maximum, average, and standard deviations of fintech literacy, the phenomenon of a cashless society, and individual spending culture.

**Table 2.** Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Fintech Literacy (FL)	100	25	50	44.66	6.738
Cashless Society (CS)	100	21	50	45.42	5.817
Individual Shopping Culture (SC)	100	23	50	44.42	6.888

**Source:** Results processed by Smart PLS.

The descriptive statistical data above shows that the minimum value of fintech literacy (X) is 25, the maximum value of fintech literacy is 50, the average is 44.66, and the standard deviation is 6.738. The individual shopping culture (Y) has a minimum value of 23 and a maximum value of 50.

The average shopping culture is 44.42, and the standard deviation is 6.888. The cashless society (Z) phenomenon has a minimum value of 21 and a maximum value of 50. The average value of the cashless society is 45.42, and the standard deviation is 5.817.

#### 4.2. Validity and Reliability Testing (Outer Model)

Table 3 below explains the results of outer loading for each indicator to test the validity of the research instrument.

**Table 3.** Validity Testing

Variable	Indicator	Loading	T-Statistics			Information
			Fintech Literacy	Shopping Culture	Cashless Society	
Fintech Literacy (LF)	X.1	0.867	24.402			Valid and significant***
	X.2	0.877	34.228			Valid and significant***
	X.3	0.882	36.464			Valid and significant***
	X.4	0.782	15.618			Valid and significant***
	X.5	0.858	26.625			Valid and significant***
	X.6	0.918	42.309			Valid and significant***
	X.7	0.873	26.070			Valid and significant***
	X.8	0.908	42.538			Valid and significant***
	X.9	0,867	27.839			Valid and significant***
	X.10	0,775	30.360			Valid and significant***
Individual Shopping	Y.1	0.895		30.360		Valid and significant***
	Y.2	0.926		60.898		Valid and significant***

Culture (SC)	Y.3	0.938	77.436	Valid and significant***	
	Y.4	0.844	22.329	Valid and significant***	
	Y.5	0.621	6.938	Valid and significant***	
	Y.6	0.810	17.550	Valid and significant***	
	Y.7	0.813	16.272	Valid and significant***	
	Y.8	0.831	18.751	Valid and significant***	
	Y.9	0.737	14.049	Valid and significant***	
	Y.10	0.761	14.635	Valid and significant***	
	Cashless Society (CS)	Z.1	0.751	11.190	Valid and significant***
		Z.2	0.719	8.381	Valid and significant***
Z.3		0.736	8.699	Valid and significant***	
Z.4		0.817	11.558	Valid and significant***	
Z.5		0.760	13.410	Valid and significant***	
Z.6		0.825	13.800	Valid and significant***	
Z.7		0.853	22.416	Valid and significant***	
Z.8		0.925	50.687	Valid and significant***	
Z.9		0.862	21.965	Valid and significant***	
Z.10		0.696	10.583	Valid and significant***	

\*\*\*Significant level at  $\alpha$  1%, \*\*Significant level at  $\alpha$  5%, \*Significant level at  $\alpha$  10%

Source: Results processed by Smart PLS.

The factor loading has met the convergent validity; namely, the indicator value is above 0.5.

Table 4 below describes the results of reliability testing.

**Table 4.** Reliability Testing

VARIABLE	AVE	Composite Reliability	Cronbach's Alpha
Fintech Literacy (LF)	0.743	0.966	0.961
Individual Shopping Culture (SC)	0.677	0.954	0.945
Cashless Society (CS)	0.636	0.945	0.936

**Source:** Results processed by Smart PLS

The reliability testing in table 4 reveals that the composite and Cronbachs alpha for variables of fintech literacy, cashless society, and individual shopping culture is more than 0.9. It means that the indicators used in each variable have good reliability in measuring the construct. Likewise, the Average Variance Extracted (AVE) for variables of fintech literacy, individual shopping culture, and cashless society is above 0.5. Thus, it assumes that the variables of financial technology literacy, individual shopping culture, and the cashless society have discriminant validity of high results processed by Smart PLS.

### 4.3. The Goodness of Fit Model (Inner Model)

**Table 5.** The Goodness of Fit Model ( $R^2$ )

Variable	R. Square
Cashless Society	0.646
Individual Shopping Culture	0.690
Predictive Relevance (Q2)	0.891

**Source:** Results processed by Smart PLS

The value ( $R^2$ ) of the cashless society phenomenon variable is 0.646, which means that the cashless society phenomenon can be explained by the financial technology literacy variable of 64.6%. Other factors not included in this study contributed 35.4% to the effect of a cashless society. The individual shopping culture variable is 0.690, which means that the variation in personal shopping culture can be explained by the financial technology literacy variable and the cashless society phenomenon by 69.0%. In comparison, the remaining 31.0% is determined by other variables not included in the research model.

Meanwhile, the predictive-relevance value for the structural model in this study was 0.891 or 89.1%, meaning that the model could explain the changes in individual shopping culture associated with the variable of financial technology literacy and the phenomenon of a cashless society. Therefore, since the model is splendid or has an outstanding predictive value, it can be employed for hypothesis testing.

**Table 6.** Hypothesis Testing

The Relationship between Variables	Parameter Coefficient	t-statistics	Result
Fintech Literacy => Cashless Society	0.804	23.613	Supported ***
Fintech Literacy => Individual Shopping Culture	0.676	6.553	Supported ***
Cashless Society => Shopping Culture	0.183	1.705	Supported **
Fintech Literacy => Shopping Culture through Cashless Society	0.147	1.669	Supported **

\*\*\*Significant level at  $\alpha$  1%, \*\*Significant level at  $\alpha$  5%, \*Significant level at  $\alpha$  10%

Source: Results processed by Smart PLS.

The table above explains that the path parameter obtained from the impact of the financial technology literacy variable on the cashless society phenomenon is 0.804 with a statistical value of  $23.613 > 1,660$  at the significance level  $\alpha = 0.05$  (5%). There is a positive and significant

influence between financial technology literacy and the cashless society phenomenon. The value of 0.804 in the parameter coefficient implies that the better the fintech literacy, the more cashless society will increase. This supports the first research hypothesis, stating a positive and significant influence between fintech literacy and the cashless society. The results of this hypothesis are in line with previous researchers' statements. According to Rif'ah (2019), the development of financial technology business has also influenced companies' emergence in the digital financial sector. One of these digital financial products is electronic devices such as debit cards, credit cards, or electronic money (e-money). The emergence of electronic payment instruments will allow people to transact without cash. Or it is known as the cashless society phenomenon.

The results of the second hypothesis indicate a positive and significant influence between financial technology literacy and individual shopping culture. This study's results align with Maida's (2019) research regarding the effect of e-money on personal shopping culture. It explains that e-money has a positive impact on individual shopping culture. Thus, excellent financial technology literacy can increase the chances of the individual shopping culture in the millennial generation in Jabodetabek.

The third hypothesis shows a positive and significant influence on the phenomenon of a cashless society and the individual shopping culture changes, and the third hypothesis is accepted. The results of this study are in line with Maida (2019), stating that e-money has a significant effect on the individual shopping culture changes. Furthermore, this study found that the development of e-money affects the number of new players in financial services such as fintech and changes the Indonesian consumer culture. In other words, an increased cashless society phenomenon will change the individual shopping culture of the millennial generation in Jabodetabek.

The results of the fourth hypothesis indicate that there is a positive and significant influence between financial technology literacy and the individual spending culture through the cashless society phenomenon. This study's results are in line with the research conducted by Eroglu (2014) regarding the internet consumer behavior towards the changes in shopping culture. He states that the internet significantly affects shopping culture changes, and online shopping also eliminates geographic boundaries and provides users with more information, less time, and cost. In addition, excellent financial technology literacy plays a role in changing the individual spending culture and creating a cashless society in the millennial generation.



## **5. Conclusion**

This research examined the impact of financial technology literacy on the phenomenon of a cashless society and the changes in individual spending culture in the millennial generation in Jabodetabek. In this case, the cashless society phenomenon is an intervening variable. The analysis results show that financial technology literacy positively affects the increasingly cashless society phenomenon. This means that the more people understand financial technology correctly, the more cashless society is. The second hypothesis indicates a direct and positive relationship between financial technology literacy and individual shopping culture changes. It means that adequate financial technology literacy will increase the millennial generation's shopping culture in Jabodetabek. Finally, the third hypothesis result shows a positive influence between the cashless society phenomenon and the changes in individual spending culture. As a result, the millennial generation in Jabodetabek, who implements the cashless society, will change the shopping culture from conventional to digital methods.

The fourth hypothesis finds a positive influence between financial literacy technology and the individual spending culture changes through the cashless society phenomenon. This indicates that financial technology literacy indirectly affects personal spending culture changes through the cashless society phenomenon. Based on the empirical testing, millennials can adjust quickly to the digitalization culture because they are technology literate and live amid the financial technology to set up the cashless society and change the individual shopping culture (offline to online cultures). Moreover, the government can consider the results of this study when making policies associated with financial technology, and the fintech companies may utilize these findings to evaluate, motivate and innovate the fintech business.

## **6. Limitations and Further Research**

The small number of samples, types of respondents, and the little questionnaire distributed to only the millennial generation in Jakarta, Bogor, Depok, Tangerang, and Bekasi become the limitations of this study. Furthermore, this research only went through surveys without in-depth observations and interviews due to the Covid-19 condition. Therefore, further research requires an enormous number of samples and coverage areas. In addition, the type of respondent characteristics such as age, pre-millennials (baby boomers) and post-millennials (alpha generation), the use of survey, and a qualitative or mixed-method research approaches must also be employed in the future research to obtain comprehensive results.

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