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PayLater: An Antecedent to Consumption Behavior and consumption level in Gen-Z

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Abstract. This study focuses on the level of consumption, consumption behavior and the causal factor, namely paylater. The population in this study was a recent student of public universities in East Java with a total of 301,160 students. Based on the calculation of the sample size using the Slovin formula, the respondents in this study amounted to 100 people. Data were collected using a questionnaire and analyzed with Partial Least Square analysis tools. Hypotheses were tested and the significance values of the three substructure models developed. These three models are combined into a complete path coefficient model. The results of this study prove that the Paylater variable has a significant effect on consumption levels, the paylater variable has a significant effect on consumption behavior, the consumption behavior variable has a big impact on consumption, paylater Positively and significantly influencing consumer behavior through consumer behavior as a mediating variable.

Keywords: PayLater, Consumptive Behavior, Consumption Level, Gen-Z

1 Introduction

In today's digital era, marketplace is a place where entrepreneurs can market their products. Buyers and sellers can meet directly on one platform for quick and easy transactions. In fact, several well-known marketplaces such as Amazon, eBay, Alibaba, etc. have been instrumental in reviving online markets around the world. In these marketplaces, merchants. All you need to do is provide complete information about the products you sell, such as product details, prices and shipping costs. costs and many more. In Indonesia, the growth of the marketplace is one of the fastest. Databoks found that 2.36 million businesses in Indonesia use e-commerce. Of these, 1.77 million companies are based in Java. This is because Java is the center of the economy and has better digital infrastructure. Examples are Shopee, Lazada, Tokopedia, JD.ID, Blibli, Zalora etc. They compete for customers. Stores like Paylater offer different payment methods. Paylater works and buy now pay later and pay monthly installments without a credit card or commonly called online credit (Paylater). As buy now, paylater gradually attracts shoppers to Asian markets, payment service providers and online stores are offering solutions to enable payment later. As Global Data points out, the growing desire for short-term financing offers great potential in the Asian market. (1). The convenience that paylater offers is very useful if used wisely, as it can cover daily needs, help organize finances and simplify the transaction process, but paylater users should also

understand the advantages and disadvantages of this function in advance because it may disrupt financial stability and pose a risk to irresponsible consumption habits. (2). Made up mostly of college and university students, young people do not have a steady income. It can be said that the age of students and college students does not count towards the working age. Limiting financial income is not a problem with the paylater payment method. This payment method is commonly known as "buy now, pay later" or "pay later". The process that one goes through to obtain a paid service can be described simply (3). The Paylater registration process is very simple and faster than applying for a credit card. Another benefit for postpaid users is that there is no monthly fee or prepayment. Currently there are various Paylater services such as Spaylater, Kredivo, Gopaylater, Akulaku, Traveloka Paylater, Indodana and Home Credit. There are several studies regarding the impact of late payments (e.g. the Paylater option). According to hyperbolic discounting, people's view of time is irrational and therefore they think differently about short-term and future events. (4). Lifelong consumption behavior is characterized by the ability to manage desires and the costs associated with implementing this self-regulation. (5). The illusion of shopping develops where one can no longer distinguish between needs and wants, known as compulsive shopping disorder. (6). Thanks to Paylater technology, consumers are often unable to ignore the urge to buy products they find attractive. (7). When we talk about Paylater, we talk about consumer behavior and spending levels because Paylater is a technology.

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2

Literature Review

2.1

Financial Technology

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Financial technology, or fintech in general, is a combination of information technology and financial services that enables transactions to be made quickly and without distance.. (8). In Indonesia, financial technology is classified into payment systems (payment, settlement, and settlement); market support (market aggregators); investment management and risk management (personal/financial planning); credit, financing and capital raising (crowdfunding and P2P lending); and other financial services. (9).

2.2

Paylater Payment System

The financial technology company introduced a payment technology that handled payments without a credit card, or Paylater. (10). Pa⁵later refers to a payment method using a bailout from an app company. (11). The phenomenon of postpaid payment in Indonesia was first created by Traveloka. (12). It encouraged other marketing platforms to use the feature. Many factors led to the interest in using PayLater both before and during the Covid-19 pandemic. Urban workers across generations have different motivations, desires, aspirations, and hedonic social environments to accept and use PayLater for payments. (13).

2.3

Consumption Behavior

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Consumption behavior is defined as the study of purchase units and exchange processes involving the acquisition, consumption, and realization of goods or

services, experiences, and ideas (14). Consumer behavior is the activity directly related to the acquisition, consumption and consumption of products, services and consumer behavior are the activities of people directly involved in the service, including the decision-making process.

2.4 Consumption Rate

Consumption is the activity of spending the use value of goods and services to fulfill life needs, both basic, secondary, and tertiary needs. (15). There are several factors that affect public consumption, including public wealth or income, expectations (future forecasts), population, interest rates, and price levels. (16). Indicators of consumption levels can be categorized as follows: 1) Basic consumption is intended to meet the minimum primary needs that must be met in order to live; 2) Secondary consumption, is the second need after basic needs are met; 3) Tertiary consumption (luxury goods).

3 Methods

The research was conducted on junior students of public universities in East Java for the 2021/2022 academic years who are categorized as generation Z, the total population in East Java Province is 301,160 people. This study uses non-probability side purposive sampling technique. Determination (14) the sample with the slovin formula found 100 samples. Data was obtained by distributing questionnaires in the form of google forms. Data analysis tools using Partial Least Square (PLS). The conceptual framework is presented in the following figure:

Fig. 1. Conceptual Framework



With the following hypothesis statement:

- H1: PayLater affects the level of Consumption
- H2: PayLater affects consumption behavior
- H3: Consumption behavior affects the level of Consumption
- H4: PayLater affects consumption levels through consumption behavior.

4 Result and Discussion

External models are used to measure the effectiveness and reliability of models as the metrics used are reflexive. This measure includes convergence validity,

discriminant validity, composite reliability, and Cronbach's alpha. Convergent validity is significant at an alpha level of 0.05 or a t-statistic > 1.96.

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Table 1. Validity Test Parameters in the PLS Measurement Model

| Validity Test | Parameters | Rule of Thumbs |
|---------------|--|--|
| Convergent | Factor Loading | > 0.7 |
| | AVE | > 0.5 |
| Discriminant | Root AVE and Correlation of latent variables | Root AVE > Latent variable correlation |
| | Cross loading | >0.7 in one variable |

Table 2 indicated that the Cronbach alpha and combined confidence score exceeds 0.7 for each latent variables. This indicates that the research equipment has passed the on reliability test.

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Table 2. Cronbach's alpha and Composite reliability scores

| | Cronbach's Alpha | Composite Reliability |
|----------------------|------------------|-----------------------|
| Consumption level | 0,932 | 0,949 |
| Consumption behavior | 0,962 | 0,968 |
| PayLater | 0,937 | 0,952 |

Table 3. Results of Bootstrapping by PLS (Direct & Indirect path)

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| | Sample Mean (M) | Standard Deviation (STDEV) | t Statistics | P Values | H | Remarks |
|---------------|-----------------|----------------------------|--------------|----------|----|-----------|
| PL -> TK | 0,638 | 0,099 | 6,434 | 0,000 | H1 | Supported |
| PL -> PK | 0,715 | 0,108 | 6,650 | 0,000 | H2 | Supported |
| PK -> TK | 0,182 | 0,101 | 1,774 | 0,077 | H3 | Supported |
| PL -> PK - TK | 0,638 | 0,099 | 6,434 | 0,000 | H4 | Supported |

Based on the data in the table, the results of hypothesis testing can be explained as follows:

H1: PayLater affects the level of Consumption

H2: PayLater affects consumption behavior

H3: Consumption behavior affects the level of consumption

H4: PayLater affects consumption level through consumption behavior.

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Based on the table above, t-Statistics values is $6.434 \geq 1.645$. The original sample value is 0.716 (positive). This explains that H1 is supported, namely Paylater has a positive and significant effect on consumption levels. It can be concluded that the Paylater variable has a significant effect on the consumption level.

Hypothesis 2 Indicate that invoices have a positive impact on consumer behavior. Based on the table above, the t-statistic values is $6.650 \geq 1.65$. The original sample value is 0.201 (positive). This explains H2's support, and Paylater's positive impact on consumer behavior. From this, we can conclude that Paylater variables have a significant impact on consumer behavior.

Hypothesis 3 states that consumer behavior has a significant positive impact on consumption levels. Based on the table above, t-statistic value is $1.77 \geq 1.65$. The original sample value is 0.638 (positive). This explains that H3 is supported, i.e. consumption behavior has a large positive impact on consumption levels. From this, we can conclude that consumption behavioral variables have a significant impact on consumption level.

Hypothesis 4 Paylater states that it has a positive and significant effect on the level of consumptions as mediating variable through consumer behavior. Based on the table above, t-statistic value is $6.3 \geq 1.65$. The original sample values is 0.638 (positive). This explains H4 is supported. In other words, Paylater has a positive and significant effect on consumption levels as mediating variable through consumption behavior.

5 Conclutions

Paylater can significantly change consumption behavior, this change is significantly influenced by the ease of features and ways of shopping, which results in significant changes in shopping behavior. Consumption behavior has a significant effect on consumption levels, changes in consumption behavior can cause an increase in consumption, this is a result of changes in behavior that encourage an increase in consumption levels. Paylater has a significant effect on consumption levels mediated by consumption behavior, with paylater consumption behavior having a major effect on consumption levels, this is because paylater is able to change generation Z's shopping patterns so that their consumption levels increase.

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