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THE PHENOMENON OF HIGH PAYLATER, AND FINANCIAL LITERACY IN THE CONSUMPTIVE BEHAVIOR OF GENERATION Z IN MEDAN CITY



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Abstrak

Kemajuan teknologi telah membawa kemudahan dalam berbagai aspek kehidupan, terutama sistem pembayaran dan produk layanan keuangan. Dampak perkembangan kemajuan teknologi dalam layanan keuangan dan sistem pembayaran menjadi topik yang menarik perhatian publik, terutama Generasi Z yang sadar akan perkembangan digital di era saat ini, sehingga rasa ingin tahu untuk mencoba belanja online menggunakan fitur Paylater semakin meningkat. Tujuan penelitian ini adalah untuk meninjau faktor-faktor yang menghambat perilaku konsumtif dan mendukung tingginya penggunaan Paylater, kemudian untuk menentukan keterampilan literasi keuangan dalam mengelola gaya hidup dan perilaku konsumtif, serta menemukan solusi yang diterapkan oleh Generasi Z dalam meminimalkan pengguna Paylater dan perilaku konsumtif di kalangan Generasi Z di Kota Medan, Sumatera Utara. Teknik analisis data triangulasi dibantu oleh alat N-Vivo 12 Plus. Faktor-faktor pendukung tingginya tingkat perilaku konsumtif PayLater pada Generasi Z adalah kemudahan penggunaan, kemudahan akses, gaya hidup, banyak diskon dan promo, keterampilan literasi keuangan dalam mengelola gaya hidup Generasi Z, yaitu perencanaan pengelolaan keuangan, pencatatan pendapatan dan pengeluaran, tidak mengikuti tren dan hedonisme, solusi yang diterapkan oleh Generasi Z dalam meminimalkan penggunaan PayLater dan perilaku konsumtif, yaitu tidak tergoda oleh promo dan diskon, mampu membedakan antara kebutuhan dan keinginan, serta pengendalian diri terhadap pengaruh media sosial.

Abstract

Technological advances have brought convenience to various aspects of life, especially payment systems and financial service products. The impact of developments in technological advances in financial services and payment systems is of great interest and attracts the attention of the public, especially Generation Z who are aware of digital developments in the current era, so curiosity about trying online shopping using the Paylater feature is increasing. The aim of this research is to review the factors inhibiting consumptive behavior and supporting the high level of Paylater, after that to determine financial literacy skills in managing lifestyle and consumptive behavior, to find out the solutions applied by Generation Z in minimizing Paylater users and consumptive behavior in generation Z in Medan City, North Sumatra. Triangulation data analysis techniques are assisted by the N-Vivo 12 Plus Tools. The supporting factors for PayLater's high level of consumer behavior in generation Z are ease of use, ease of access, lifestyle, lots of discounts and promos, financial literacy skills in managing the lifestyle of generation Z, namely financial management planning, recording income and expenses, not following trends and hedonism, solutions applied by Generation Z in minimizing PayLater users and consumptive behavior, namely not being tempted by promos and discounts, being able to differentiate between needs and desires, self-control over the influence of social media.

INTRODUCTION

Generation Z is the generation born between 1997 and 2012. Generation Z is a nation that is aware of technological advances that bring convenience to various aspects of life,



including payment systems, commerce, and financial services. Human life has become easier and more practical thanks to rapid technological advancements. Technology has brought major changes to the world of commerce and shopping in the last few decades. With technological advances, people's lifestyles have become more instantaneous. This is evident in the shift from physical and non – physical lifestyles, and traditional to modern lifestyles where people used to shop and conduct transactions by going to stores, and now buying and selling transactions can be done simply by accessing their mobile phones. One of the most significant changes is the emergence of e – commerce. The emergence of e – commerce utilizes technological advances in transaction systems as stated in Law No. 11 of 2008 (Laughton et al., 1972) which states the Law on Information and Electronic Transactions (ITE). The first legal basis in Indonesia that regulates the use of information technology and electronic transactions. The impact of e – commerce developments can be seen in the change in payment methods from paper to cards. One of the transaction systems that is currently popular among the public is Paylater (Dea Anisa & Saepuloh, 2024).

Paylater is a type of credit payment made online. This Paylater payment method is a type of payment that allows consumers to make purchases in installments and pay later. Paylater provides an opportunity for users who have a virtual credit card without the need to have a physical card or go through complicated processes. The payment system is similar to a credit card but without a Down Payment (DP) or down payment, and easier requirements are an added value for digital financial services (Sari, 2023) in (Astuti & Dasman, 2024).

The use of Paylater affects a person's lifestyle, especially generation Z. Consumptive behavior is an individual's lifestyle behavior that is calm, spending their money without careful consideration (Sari et al, 2023) in (Astuti & Dasman, 2024). The ease of making transactions through Paylater encourages generation Z to fall into consumptive behavior because with just a touch of the screen they can buy the items they want without being too needed. Generation Z uses Paylater for consumption habits to fulfill their lifestyle. Lifestyle is a description of a person's behavior and lifestyle that is expressed in their activities, interests, and opinions (Tsani Syafiq Nuruddin & Himmati, 2023). Changes in lifestyle experienced by society, especially generation Z, have an impact on their consumptive behavior in online shopping. Easy and fast access is a factor that encourages Generation Z to utilize this Paylater service to meet daily consumption needs and other needs (Darmawan, 2022) in (Amanda et al., 2024).

According to a survey report conducted there were 3,656 respondents in Indonesia, of which almost half or around 1,679 people (45.9%) had utilized Paylater services (Kredivo and Katadata Insight Center, 2024). Based on Kredivo and Katadata Insight Center reports, 70.4% of Paylater users in Indonesia in 2024 will be aged 18 – 35 years, meaning that Paylater users are still dominated by the younger generation, while from the data results as of November 2024, the total debt of Indonesian people in Paylater services reached IDR 30.36 trillion, higher than the outstanding debt in the previous month, namely IDR 29.66 trillion. In addition, Chief Executive of Banking Supervision: Dian Ediana Rae, as of January 2025, bank credit distribution through the Paylater scheme reached IDR 22.57 trillion, an increase of 45.73% on an annual basis. (CNBC Indonesia, 2024).

The supporting factors are the lack of ability of the Indonesian people who do not yet have adequate knowledge and skills on how to optimize money for productive activities. Financial literacy is a combination of awareness, knowledge, skills, attitudes and behavior that a person needs to have healthy financial decisions and ultimately achieve individual financial well – being (Opletalova, 2015) in (Sugiharti & Maula, 2019). According to the National Survey of Financial Literacy and Inclusion (SNLIK), the

understanding of financial literacy among the younger generation is still vulnerable to being low. Based on Indonesian data presented by the Financial Services Authority (OJK) in 2023, it shows that 51% of Generation Z's money is spent on consumption and 2% is used for investment. Generation Z was born in an era of easy access to financial institutions. A dynamic lifestyle coupled with a lack of financial literacy makes it difficult for Generation Z to manage their finances (Puteri, H. E., et al 2022). This leads them to be wasteful, enjoy buying branded goods, engage in hedonism, and have unstable incomes.

This makes Generation Z prefer Paylater, which can easily meet their consumer needs with just their ID card. The higher a person's lifestyle will have an effect on a mindset that requires satisfaction and desires rather than needs. This is one of the triggers for a lack of economics that only focuses on appearance, not planning for the future, and knowledge in managing finances. Based on this phenomenon, in-depth research is needed to solve the following research problem formulation: *First*, What factors support the high level of Paylater in Generation Z's consumer behavior?. *Second*, How does financial literacy affect Generation Z's lifestyle and consumer behavior?. *Third*, What solutions does Generation Z implement to minimize Paylater use and consumer behavior?

The rapid development of technological progress, giving birth to e-commerce applications based on online shopping, has triggered the high demand for consumers in society, especially Generation Z, who are aware of technological developments, so that without intelligent financial understanding, the Indonesian economy will find it increasingly difficult to face long-term financial risks. Companies as users of information to meet their needs, as with the existence of financial reports that are presented adequately and transparently, can help the decision-making process that is oriented towards values and opportunities as a source of knowledge that directs future actions (Sulviani, 2019).

LITERATURE REVIEW

Agency Theory

Agency theory (Jensen & Meckling, 1976) in (Theory & Agency, 2018) is a theory that explains the relationship between company management and the agent of the company's owners, who are the principals. Financial information must be conveyed transparently, which will influence the company's resilience, particularly in terms of operational success, integration with company objectives, and the company's governance, which optimizes resources through adequate information delivery related to ongoing transaction activities, based on accurate analysis and assessment, thus determining the level of trust from various external parties regarding the stability of the company's performance on an ongoing basis. Companies as users of information to meet their needs, as with the existence of financial reports that are presented adequately and transparently, can help the decision-making process that is oriented towards values and opportunities as a source of knowledge that directs future actions (Sulviani, 2019).

Through the use of this theory, it can be explained how important and crucial financial information is presented in transparent financial reports that can be accessed by external parties to find out the global financial position and changes in the rate of Indonesian finance and economy that impact every action taken by all parties through periodic tracking, analysis, and evaluation to ensure that the information is free from fraud and negligence and unilateral consumer behavior (Theory & Agency, 2018). Agency theory in economics is used to analyze unethical behavior due to differences in interests between shareholders and managers. Meanwhile, in sociological concepts, it is used to understand

how individuals act in society, form values, and create social change (Kimmerling & Moore, 1997) in (Walidin, 2022).

PayLater and Impulse Consumptive Behaviour

PayLater is a digital –based financial service that provides installment transaction payment features without using a credit card. PayLater is also a digital –based financial service that provides payments with the Buy Now Pay Later. The creation of digital –based financial services (PayLater) is increasingly popular among the younger generation, which makes it easier for the younger generation to flock to use this application to meet their consumptive and impulsive shopping needs. PayLater is a digital credit card feature that is used only by touching the screen on a cellphone and registering a user account quickly and very easily using only an ID card, so the process of purchasing goods can be done without cash (Aristanti, 2020) in (Dea Anisa & Saepuloh, 2024).

The characteristics of PayLater services have been the subject of extensive study in the literature, with research highlighting various aspects influencing their use and impact on society. This literature review will explore the key features of PayLater and the factors influencing its use, namely:

1. Ease of Access

Many studies highlight ease of access as one of PayLater's main advantages compared to traditional financial institutions. This service allows individuals and young people to apply for and use PayLater quickly and without complicated requirements. Literature shows that this ease of access can increase consumer engagement in using financial services (Fadyah & Hasanah, 2023).

2. Approval Speed

The speed of approval is a prominent characteristic of PayLater. Various studies have highlighted the service's ability to provide approval decisions quickly, even within minutes (Minister of Health, 2024). This increases convenience and speed in meeting financial needs, especially in emergencies or urgent situations.

3. Interest

An important aspect in the literature review on PayLater is the interest rate charged. While these services often offer convenience and speed, high interest rates can be a financial burden for consumers (Nursinta et al., 2022). This literature notes that high interest rates are often a major concern, especially because they can result in higher repayments than originally borrowed.

4. Other Risks

Besides high interest rates, there are other risks associated with using PayLater. These risks can include additional costs, such as administration fees, if bills are paid late. Furthermore, data security and privacy are also concerns, as digital platforms are vulnerable to cyberattacks (Budi et al., 2021).

Overall, theoretical studies of PayLater's characteristics indicate that while these services offer significant advantages in terms of ease of access and speed, they also carry certain risks related to high interest rates and other risks. A thorough understanding of these characteristics and features is important to help consumers make wiser financial decisions and inform policymakers about more effective regulation of the fintech industry.

Financial Literacy

Financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors that individuals need to have to make healthy financial decisions and ultimately achieve individual financial well –being (Sugiharti & Maula, 2019). Public knowledge about financial literacy has become a necessity in daily life, making it a life skill that

every individual needs to have in living their life in the long term. The dimensions of financial literacy are divided into three parts: calculation skills; understanding of basic finance; and attitudes toward financial decisions. Wise financial attitudes and behaviors are reflected in a person's ability to determine financial goals, develop financial plans, manage finances, and make quality financial decisions when using financial products.

(Lusardi & Mitchell, 2013) stated that younger generation students will not only face increasing complexity in financial products, services, and markets, but they are also more likely to bear more financial risks in the future than their parents. Effective and efficient learning will help students have the ability to understand, assess, and act in their financial interests.

Consumptive Behavior

Consumptive behavior is the act of individuals wasting money on unnecessary and unnecessary items simply to follow trends and social media influences. According to Grace Sirait (2020), consumptive behavior is the act of spending money on items that are actually not very important or even unnecessary, especially in response to the consumption of secondary goods that are actually not really necessary. Consumptive behavior occurs because society tends to be materialistic, eager to own goods without considering their needs, so that most purchases are made solely to fulfill personal desires and pleasures.

Consumptive behavior is also the steps taken by individuals in searching for, purchasing, using, evaluating, and disposing of products or services after they have been used to satisfy their needs. (Schiffman, G. L., & Kanuk, 2015) consumer behavior occurs when consumers buy products under the influence of personal or subjective factors such as self – esteem, emotions, and social status. Emotional consumers usually do not think about whether the product they buy is suitable for them according to their needs, can afford it, or meets quality standards (Arinda, N., et al 2024).

METHOD

The research adopted qualitative study aimed at identifying the factors supporting the high prevalence of Paylater in Generation Z's consumer behavior, assessing financial literacy skills in managing lifestyle and consumer behavior, and identifying solutions implemented by Generation Z to minimize Paylater usage and consumer behavior. This research focuses on Generation Z in Medan City, North Sumatra. This research is qualitative (descriptive). Qualitative methods is an approach to scientific research that begins with a problem that needs to be solved. It aims to uncover existing phenomena in the field related to community behavior, perceptions, and actions in minimizing the high prevalence of Paylater in Generation Z's consumer behavior in Medan City.

The research instrument uses observation, interviews, and documentation, supported by a focus group discussion (FGD) data collection model. In – depth analysis techniques, was used reduce irrelevant data, will be assisted by N – Vivo 12 Plus software. The N – Vivo 12 Plus software is a technique for importing data from interviews and related articles or research, then the coding process is carried out by grouping data according to existing theoretical categories and then producing an analysis, in addition to drawing conclusions that still lead to the results of reduction as fixed data that connects equations and refers to the initial objectives set to draw conclusions (Putro, 2023).

Based on Figure 1.2, it states that there are supporting factors for the high PayLater in consumptive behavior in Generation Z due to the ease of use and ease of access in using the PayLater application which is fast, practically only by submitting personal data using an ID card, users can make transactions to purchase goods, this certainly makes it easier for Generation Z to fulfill consumptive needs such as modern lifestyles and trends influenced by social media resulting in Generation Z being tempted to make impulsive purchases which are added to the many promos and discounts offered by the PayLater digital financial service application so that Generation Z is tempted to use the PayLater application which makes it easier to purchase goods and payments without a Down Payment (DP) or down payment then payments can be made in installments in the following month besides that easier requirements are an added value for digital financial services. This is in line with research conducted by (Darmawan, 2022) in (Amanda et al., 2024) that changes in lifestyle experienced by society, especially Generation Z, have an impact on their consumptive behavior in online shopping. Easy and fast access is a factor that encourages Generation Z to utilize PayLater services to meet their daily consumption and other needs.

The high phenomenon of PayLater in consumptive behavior in generation Z also affects financial literacy in the long term, this is based on the difficulty of generation Z in managing finances and difficulty distinguishing the needs that must be met first rather than fulfilling other desires that are only tempted by the modern lifestyle and existing trends that are viral on social media. Based on the results of the map analysis that the ability of financial literacy in managing the lifestyle and consumptive behavior of generation Z, there is financial management planning that has been carried out by generation Z from now on such as prioritizing needs over desires, recording income and expenditure finances to be more selective in spending their money, and not following trends and hedonism influenced by social media. This research is in line with previous researches (Bradshaw et al., 2024) which states that the higher the level of financial literacy possessed by millennials, the higher the level of their financial behavior, so there is a relationship between lifestyle and financial behavior because the better millennials manage their lifestyle correctly and on time, the better the financial behavior of students will be in managing their finances.

With a good understanding of financial literacy, Generation Z can implement solutions to minimize PayLater usage and consumer behavior. This includes distinguishing between needs and wants when purchasing goods, resisting the temptation of promotions and discounts offered by other digital financial services, and controlling the influence of social media, modern lifestyles, and other trends. This aligns with previous research (Sampurna, 2024), which found that unrestricted or uncontrolled consumer behavior can influence an individual's economic and social factors, leading to impulsive shopping to fulfill their lifestyle needs. Those with lower economic status are more likely to engage in consumer behavior using PayLater.

The availability of PayLater can encourage Generation Z to engage in and fulfill consumer behavior, particularly in debt. Debt is a common activity in everyday life. Initial observations indicate that the ease of use of PayLater encourages Generation Z to engage in consumer behavior driven by materialistic tendencies, a strong desire to own something without considering their needs. Consumption itself is the activity of individuals using and consuming the utility value of goods and services to satisfy their needs and satisfaction based on rational action. In Islamic economics, consumption is recognized as an economic behavior and a fundamental human need. Consumption behavior is defined

as any behavior by a consumer that uses and utilizes goods and services to meet their needs.

However, Islam explains that the function of consumption is to fulfill human needs, both physical and spiritual. Thus, humans can maximize their human function as servants of Allah to achieve happiness (Abdul Ghofur, 2017). The goal of consumption itself, which is most considered by a Muslim, is *maslahah* (benefit) rather than utility. Achieving *maslahah* is the goal of Islamic law, is the goal of consumption activities. In Yusuf Qardhawi's view, in his theory of Islamic consumption, there is a need for basic guidelines for consumers regarding the implementation of economic activities, including the forms and patterns of Islamic consumption. One moral concept in consumption is spending wealth on good things and being frugal. Islam permits good things; therefore, it is explained that Islam calls humans to enjoy eating the good food that Allah as provided for them, namely the earth and all its contents. May humans not follow the kingdom and footsteps of Satan, who always tempts humans to forbid things that are impermissible, and forbid the good things that are permissible; and Satan also wants humans to fall into the valley of error.

Consumers' current and predetermined needs are the primary incentives for their economic activities. They may not only absorb their income but also provide incentives to increase it. In conventional economics, consumers are assumed to always aim to obtain satisfaction (utility) from their consumption activities alone. Utility literally means useful, helpful, or profitable. According to Suherman Rasyidi, (1998) consumption is the use of goods and services to satisfy human needs (the use of goods and services in the satisfaction of human wants). Consumption is the essential purpose of a product because production is a means for consumption, and production is necessary as long as consumption continues. Furthermore, consumption and savings depend on the income function, as consumption and income have a positive relationship. If a person's income increases, consumption will also increase.

Islam is a religion whose teachings govern all human behavior in meeting life's needs. Likewise, in matters of consumption, Islam regulates how humans can engage in consumption activities that benefit them and contribute to their well – being. All Islamic rules regarding consumption activities are contained in the Qur'an and the Sunnah. Consumption behavior that aligns with the provisions of the Qur'an and the Sunnah will lead to blessings and prosperity. Islamic law aims for humans to achieve and maintain their well – being. Imam Shatibi used the term *maslahah*, which has a broader meaning than simply utility or satisfaction in conventional economic terminology. *Maslahah* is the characteristic or capacity of goods and services that support the elements and basic goals of human life on earth.

Islam requires owners of wealth to spend a portion of their wealth for the benefit of themselves, their families, and for the sake of Allah. Islam forbids stinginess. Conversely, Islam also forbids wastefulness and squandering. This is the balance enjoined in the Qur'an, reflecting a just attitude in consumption. As implied in Surah Al – Isra', Verse 29:

"And do not place your hand in a shackle around your neck, nor stretch it out excessively, lest you become disgraceful and regretful."

The verse above explains that you should not withhold your hand from giving in the way of goodness, as this would restrict yourself, your family, and those in need. Nor should you be excessive in your giving, to the point where you give beyond your means, leaving you in disgrace, with people cursing and criticizing you, and regretting your wastefulness and the depletion of your wealth. Spending wealth in a lawful manner and in a good manner: Islam encourages and grants individuals the freedom to spend their wealth on good and lawful goods to meet the necessities of life. This freedom is granted

on the condition that it does not violate sacred boundaries and does not endanger the security and welfare of society and the state.

In line with this, Abu Al – A'la al – Maududi explained, Islam closes all avenues for humans to spend wealth which causes moral corruption in society, such as gambling which only indulges in lust. In QS. Al – Maidah Verse 88 explains that: "And eat of what Allah has given you as lawful and good sustenance, and fear Allah in whom you believe."

The meaning of the verse above explains that you have fun (O believers), by enjoying what is halal and good from what Allah has given you and bestowed upon you. And fear Allah by carrying out His commandments and avoiding His prohibitions. In fact, your faith in Allah requires you to be pious and always draw yourself closer to Him.

The moral values embedded in the concept of consumption prohibit a luxurious lifestyle. A luxurious lifestyle is destructive to individuals and society because it preoccupies humans with their desires, distracting them from noble pursuits and noble morals. Furthermore, it kills the spirit of jihad. Ali Abd ar – Rasul also assessed this issue as a luxurious lifestyle (israf) that triggers moral decadence in society, ultimately leading to its destruction. For Afzalur al Rahman, (1995) luxury (israf) is excessive self – gratification or spending money on unnecessary things. In Surah Al – A'araf, Verse 31, Allah warns against this attitude:

"O children of Adam! Wear your beautiful attire at every mosque, and eat and drink, but do not be excessive. Indeed, Allah does not like those who waste." The verse above explains that, "O children of Adam, ensure that you are adorned according to Islamic law when performing prayer by wearing clothing that covers your private parts, observing cleanliness and purity, and so on. Eat and drink from the good things that Allah has given you, and do not exceed the limits of what is reasonable in this regard. Indeed, Allah does not like those who exceed the limits and are excessive in food, drink, and other things."

Non – Muslim consumers do not recognize the terms "halal" and "haram" in matters of consumption. Therefore, they will consume anything unless they cannot obtain it or do not desire it. Muslim consumers, on the other hand, are committed to the principles and laws outlined in Islamic law to regulate consumption to achieve optimal benefits and prevent deviation from the path of righteousness and its harmful effects, both for themselves and others. The rule of prohibition on following and imitating, namely not imitating or following consumption behavior that does not reflect Islamic consumption ethics, such as following and imitating the consumption patterns of infidel society and the prohibition on having fun (hedonism), for example: liking to entertain with the aim of having fun or showing off luxury and wasting wealth.

DISCUSSION

Supporting Factors for the High PayLater Consumptive Behavior of Generation Z

Based on the results, one of the factors supporting the high PayLater is due to the ease of use and ease of access, which makes it easier to submit personal data that is practical, fast and safe, only with the capital of KTP Generation Z can make purchases of goods without cash. This is in line with the statement of the results of interviews that have been conducted by researchers with one of the informants, "Liber Antonius" as a marketer who works at the Ibox Store stated that since the existence of credit application applications such as Kredivo, it has made it very easy for people, especially generation Z who come and visit the Store to make purchases of iPhone HandPhones without cash, and the ease of using the Kredivo Paylater account is very easy, practical, and fast, just by registering a Kredivo PayLater account using an KTP, you can make purchases of goods and the Paylater application process is easy and the limit is quite high and free installments for 2 months, in addition, the limit will increase if the account user pays the

PayLater bill before it is due, this makes generation Z happy and without thinking twice to fulfill to make purchase transactions using PayLater. In addition, the PayLater application "AkuLaku" also provides users with the convenience of cash withdrawals that can be directly transferred to their accounts. This statement was conveyed by informant "Luvina Tineke Khotijah," who stated that the PayLater application makes it very easy for informants to make purchases and meet consumer needs without having to have cash to buy an item.

Furthermore, the promotions and discounts offered by the PayLater application tempt Generation Z to try using PayLater. Based on the results of an interview conducted with informant "Alya Alfiza," the promotions and massive discounts offered by the PayLater application tempt informants to buy items and make impulsive purchases that do not match their needs, even though the discounts offered are much greater than buying items with cash. One informant, "Dinda Ramadhani," also stated that the numerous promotions and discounts offered by PayLater make it difficult to restrain consumer behavior and impulsive purchases. This also affects the limits offered by the PayLater application, namely, the limit increases if monthly installment payments are made before the due date, making it difficult for informants to control this consumer behavior.

The fulfillment of a person's desire and desire to own and possess an item or product is inseparable from modern trends and lifestyles that are increasingly hedonistic due to the influence of social media, which Generation Z is constantly exposed to. The more a person's lifestyle improves, the greater the desire for consumer behavior to meet their lifestyle needs. This is a contributing factor to the high demand for PayLater due to lifestyle. Advances in technology and social media have made Generation Z aware of developing trends and lifestyles, which they will follow, leading to impulsive consumption of goods that do not align with their needs. Ultimately, Generation Z is willing to take on debt to fulfill a lifestyle that does not align with their financial situation. This is in line with research conducted by Darmawan (2022) in Amanda et al. (2024) that lifestyle changes experienced by society, especially Generation Z, have an impact on their consumer behavior in online shopping. Easy and fast access is a factor that encourages Generation Z to utilize PayLater services to meet their daily consumption needs and other needs.

Financial Literacy Skills in Managing Lifestyle and Consumptive Behavior of Generation Z's

Financial literacy is an individual's understanding and knowledge of managing and administering finances, both short – term and long – term. Technological advances require Generation Z to be wise in managing and administering their finances. Thus, financial planning enables them to face any challenges that may arise in the future. However, increasing technological advancements have made it increasingly easier for Generation Z to utilize existing technology, such as facilitating transactions for purchasing goods to meet consumer needs. The financial literacy skills that Generation Z must apply to manage their lifestyle and consumer behavior include creating financial plans, recording cash inflows and outflows, and controlling themselves from the influence of modern trends and hedonism.

Based on an interview with the informant, "Ahmad Sathibi," the informant's ability and understanding of managing and administering finances from an early age are crucial and quite good. The informant records income and expenses and prioritizes paying bills and installments, then saves any remaining money for business capital and daily needs. The main reason the informant uses PayLater is because they are freelancers. PayLater also helps them meet their capital needs for their laptop repair business. If they suddenly

need something and don't have the capital, they can use PayLater to purchase it and pay the next month's installments. Adequate financial literacy also helps Generation Z's short-term and long-term finances if they are able to manage their finances without thinking that PayLater's convenience is only used to fulfill lifestyle and consumer behavior.

This research aligns with previous research studies such as (Azizah, 2020) cited in Bradshaw et al., 2024), which state that the higher the level of financial literacy possessed by millennials, the higher their level of financial behavior. Therefore, there is a relationship between lifestyle and financial behavior. The better millennials manage their lifestyle correctly and timely, the better their financial behavior will be in managing their finances.

Solutions Minimizing Paylater use by Gen Z

Behind the impacts and risks that generation Z experiences in using PayLater, namely generation Z feels tempted and dependent on using PayLater because of the ease of access and users of the PayLater application and the large discounts and promos offered by PayLater make generation Z easily addicted, experience waste in impulsive shopping, find it difficult to manage finances or cannot save for long-term finances because they are always tempted by the influence of modern lifestyles and trends on social media, however, the use of PayLater is also able to control consumptive behavior wisely if it is used for interests and needs that are truly beneficial for long-term finances.

The solutions implemented by Generation Z in minimizing the use of PayLater and consumer behavior are that Generation Z is able to distinguish between needs and wants, is not tempted by the many promos and discounts offered by the PayLater application, is able to control and control themselves from the influence of social media. This is in line with the statement of one of the informants, "Dinda Ramadhani," who stated that the solutions implemented by the informant are preparing a financial budget, is not tempted by promos and discounts provided by the PayLater application, and is able to control the use of e-commerce applications that make it tempting to continue making impulsive purchases. Meanwhile, the informant, "Nur Indah Sari," stated that the solutions implemented by the informant in minimizing PayLater users and consumer behavior are being able to control themselves in using PayLater and being able to distinguish daily needs from the desire to follow existing modern lifestyles and trends. This is in line with previous research (Nailah Amelia et al., 2023) that unrestricted or uncontrolled consumer behavior can influence an individual's economic and social factors in making impulsive purchases to fulfill their lifestyle, while those with lower economic status will behave consumptively by using PayLater.

The concepts of asceticism, contentment, and israf in Islam influence how people interact with finances and consumption. People who adhere to the principles of asceticism and contentment tend to be more selective in spending and pay more attention to basic needs (Mujahidah 2021). They are also more likely to save and manage their finances more effectively. Conversely, people who adhere to the principle of israf tend to overspend and pay less attention to basic needs (Taqwa and Mukhlis 2022). They are also more likely to neglect their obligations and responsibilities to themselves and society (Rohayedi and Maulina 2020).

DSN – MUI Fatwa Number 117/DSN – MUI/IX/2018 highlights the importance of information technology-based financing services that comply with Sharia principles. From an Islamic perspective, this service is defined as a type of financial business that uses information technology to connect lenders and borrowers through an electronic system. This effort aims to avoid usury and losses that conflict with Sharia principles by ensuring that financing services comply with Sharia principles (Sularno and Akbar 2023).

This fatwa emphasizes that the organizer, recipient, and provider are legal subjects in IT – based financing services. Various types of contracts, such as *ijarah*, *bai'*, *musyarakah*, *mudharabah*, *qardh*, and *wakalah bil ujah*, are used in these services, with electronic signatures and valid electronic certificates as prerequisites for electronic transactions.

This service sets operational costs using the *ujrah* system, which must comply with *ijarah* principles. This fee is part of the provider's revenue, which is based on Sharia principles. Several IT – based financing service models, such as factoring, procurement financing for online resellers, and community – based financing, are considered Sharia – compliant based on the fatwa (Sularno and Akbar 2023). In the context of online loans, the DSN – MUI fatwa confirms that this practice is Sharia – compliant if it meets established principles. Online loans must be free from usury (*riba*). Transparency, fairness, and social responsibility are also important principles in Sharia – compliant online loans (Anwar, Baehaqi, and Sulistyowati 2023). Furthermore, this fatwa warns about the risks associated with online loans, including financial risks and abuse, so individuals should exercise caution and consider carefully before using online loans (Sulistyowati 2021). Thus, understanding this fatwa and the official view of the MUI on the use of online loans in the context of Islamic finance can help guide people's consumer behavior by ensuring that the use of these services is in accordance with established sharia principles.

On the other hand, the official fatwa and opinion of the Indonesian Ulema Council (MUI) regarding the use of PayLater in the context of Islamic finance emphasizes the underlying sharia principles. Based on the DSN – MUI fatwa No. 177/DSN – MUI/II/2018, information technology – based financing services must adhere to the principles of balance, justice, and fairness in accordance with sharia and applicable laws and regulations. One key aspect maintained is the prohibition of usury in all forms of transactions. Permitted contracts in the provision of financing services must comply with established *Sharia* principles. Furthermore, the use of electronic signatures must also meet the requirements of validity and authenticity in accordance with applicable regulations (Gita Lestari and Rudy 2022). Service fees must be based on the principle of *ijarah*, in accordance with the characteristics of information technology – based financing services. In the context of PayLater usage, it is important to note that the imposition of additional fees and fines for late payments must be carefully considered to ensure they do not conflict with Sharia principles, particularly the prohibition on usury (R. Sari 2021). The implications for consumer behavior require vigilance, and education about Sharia principles in finance is crucial to prevent excessive consumer behavior (Prasetyo and Fatimah 2022).

From an Islamic perspective, consumer behavior is a relevant phenomenon to analyze by considering fundamental Islamic values, such as asceticism (*zuhud*), contentment (*qana'ah*), and *israf* (religious practice). The concept of asceticism teaches avoiding excess and focusing on spirituality, thus guiding individuals to avoid being trapped by excessive worldly desires and lusts. Meanwhile, contentment teaches us to be content with what God has given us and not constantly desire more, thus creating inner peace and reducing the urge for uncontrolled consumption (et al. 2021). On the other hand, *israf* emphasizes the importance of using wealth wisely and responsibly, and emphasizes the concept of wastefulness, which must be avoided.

Surah Al – Imran, verse 147, emphasizes the importance of avoiding wastefulness and extravagance in various aspects of life, including the use of wealth and other human affairs. In the context of this verse, wastefulness is understood not only as material excess but also as misuse in broader forms, such as wasting time, energy, and other resources (Dudung Abdurrahman, 2005). Allah SWT instructs believers to seek forgiveness for their sins and for excesses committed in their actions, indicating that wastefulness is regarded

as a moral failing that must be avoided, as it leads to the mismanagement of the resources entrusted by Allah. Furthermore, the verse highlights the supplication for Allah SWT to strengthen one's resolve, which may be interpreted as a plea for steadfastness in adhering to His guidance, including in the responsible management of wealth and the avoidance of wasteful behavior. Overall, this verse underscores that Muslims are commanded to refrain from wastefulness in all aspects of life, not only in material matters but also in conduct and decision-making. This teaching reflects the principles of self-awareness and moral responsibility toward the blessings granted by Allah SWT, as well as the obligation to live wisely and ethically in accordance with His teachings.

In Islam, the wise use of wealth is seen as an obligation and a trust that must be carried out responsibly (W. Sari and Sulistyowati, 2023). This is reflected in the principles of Islamic law that encourage the use of wealth for greater good, such as helping others, improving spiritual life, and achieving happiness in the afterlife (W. R. Sari and Sulistyowati, 2023). Therefore, the use of modern financial services, such as online loans and PayLater, must be viewed in the context of whether their use complies with Islamic principles of wealth management (Selvy Diana Putri, 2022).

CONCLUSION

Based on the research findings, several key conclusions can be drawn regarding the high level of PayLater usage among Generation Z. *First*, the factors supporting the widespread adoption of PayLater in Generation Z's consumer behavior include ease of use, easy access to digital platforms, lifestyle preferences, and the abundance of discounts and promotional offers. These features make PayLater services attractive and convenient for daily consumption. *Second*, financial literacy skills that are important for managing Generation Z's lifestyle involve effective financial planning, systematic recording of income and expenses, and conscious efforts to avoid excessive trends and hedonistic behavior. Such skills enable individuals to better understand their financial capacity and long-term consequences of impulsive spending. *Third*, the solutions implemented by Generation Z to reduce PayLater usage and control consumptive behavior include resisting the temptation of promotions and discounts, clearly distinguishing between needs and wants, and exercising strong self-control, particularly in response to social media influence. Overall, strengthening financial literacy and self-discipline plays a crucial role in reducing dependency on PayLater and promoting more responsible consumption patterns among Generation Z.

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