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# The Impact of E-Wallet Usage on Personal Financial Management: A Case Study of Generation Z

Selvi Permata Groda<sup>1</sup>, Nugraha Kusbianto<sup>2</sup>

<sup>1,2</sup> Department of Business Administration, Faculty of Social, Cultural, and Political Sciences, Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya, Indonesia. Email: [selvi.groda.fisip@upnjatim.ac.id](mailto:selvi.groda.fisip@upnjatim.ac.id)<sup>1</sup>, [nugraha.fisip@upnjatim.ac.id](mailto:nugraha.fisip@upnjatim.ac.id)<sup>2</sup>

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## ABSTRACT

This study examines the impact of e-wallet usage (EWU) on financial management (FM) among Generation Z in Indonesia, with a specific focus on the mediating role of financial literacy (FL). As digital natives, Gen Z exhibits high adaptability to financial technology (Fintech), particularly e-wallets, which offer convenience, speed, and integrated financial tools. However, the behavioral implications of e-wallet adoption—such as impulse buying and financial mismanagement—raise concerns about long-term financial well-being. Drawing on Financial Literacy Theory, the Behavioral Life-Cycle Hypothesis, and Self-Efficacy Theory, this research develops a conceptual framework linking e-wallet usage, financial literacy, and financial management. Using a quantitative approach, data were collected from 193 active Gen Z e-wallet users through a structured online survey. The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) to test four hypotheses. Results reveal that e-wallet usage significantly enhances both financial literacy and financial management. Moreover, financial literacy strongly influences financial management and mediates the relationship between e-wallet usage and PFM. These findings suggest that while e-wallets facilitate financial activities, their effectiveness in improving financial outcomes depends on users' financial literacy. Theoretically, this study extends digital finance literature by highlighting financial literacy as a behavioral pathway that translates technological engagement into responsible financial behavior. Practically, it offers policy recommendations for educators, fintech providers, and government stakeholders to promote digital financial literacy and responsible e-wallet usage among Gen Z. By fostering financial acumen alongside technological fluency, this research contributes to sustainable financial inclusion and resilience in the digital economy.

**Keywords:** E-Wallet Usage, Financial Literacy, Personal Financial Management, Generation Z, Digital Finance Behavior.

**JEL Code:** D14, G53, O33.

## I. Introduction

The global financial system is undergoing a rapid transformation driven by technological innovation, with financial technology (Fintech) reshaping how individuals and institutions interact with money (Marhadi et al., 2024). One of the most visible effects of this transformation is the expansion of digital finance and the adoption of electronic wallets (e-wallets), which are redefining consumer payment behavior and daily



financial practices (Belmonte et al., 2024; Wang, 2025). E-wallets, as mobile-based financial applications, enable users to conduct cashless transactions conveniently and securely, eliminating the need for physical money or cards (Herzallah et al., 2025). This innovation signifies a global shift toward cashless ecosystems, particularly evident in emerging economies such as Indonesia, where the government promotes digital payment systems and digital banking usage continues to rise (Windasari et al., 2022). Among these users, Generation Z (born between 1995 and 2012) represents the most dominant digital user group—characterized by high adaptability to technology and a preference for innovative financial solutions (Kelly, 2024; Herzallah et al., 2025).

Digital finance not only changes how transactions are made but also influences how people manage their personal finances. Financial literacy (FL), especially in digital contexts, plays a crucial role in enabling users to understand, evaluate, and utilize online financial tools responsibly (Chhillar et al., 2025). It helps individuals make informed decisions about spending, saving, investing, and protecting their assets in the digital era (Li & Zhang, 2024). Therefore, understanding how users, particularly Gen Z, manage their finances through e-wallet platforms is critical to promoting financial inclusion and stability (Wu et al., 2022). Despite the convenience and efficiency of e-wallets, challenges persist. Concerns about cybersecurity, privacy, impulsive buying behavior, and limited financial literacy contribute to potential financial mismanagement among young users (Wang, 2025). For example, Gen Z consumers are more vulnerable to impulsive spending triggered by social media advertising and digital promotions (Nyrhinen et al., 2024). Such habits may lead to financial stress, poor saving behavior, and long-term economic consequences (Pinchot et al., 2016). Hence, digital tools intended to simplify financial life can also create new vulnerabilities when not supported by adequate literacy and control mechanisms (Chhillar et al., 2025).

Previous studies have examined the drivers of Fintech adoption and the influence of digital literacy on financial behavior (Marhadi et al., 2024; Chhillar et al., 2025). However, there remains a lack of empirical research exploring how financial literacy mediates the relationship between e-wallet usage and financial management behavior, especially among Generation Z in Indonesia. Existing literature has not sufficiently clarified how digital financial literacy translates into effective money management practices in a technology-driven environment (Wu et al., 2022). This study aims to fill that gap by examining the effect of e-wallet usage on financial management among Indonesian Gen Z, with financial literacy as a mediating variable. Specifically, the study addresses two main research questions: (1) Does e-wallet usage influence financial management behavior? (2) Does financial literacy mediate the relationship between e-wallet usage and financial management?.

The findings are expected to contribute theoretically by deepening the understanding of digital finance behavior models, and practically by providing evidence-based recommendations for policymakers, financial institutions, and digital service providers to strengthen financial literacy and promote sustainable digital financial practices among young consumers (Li & Zhang, 2024; Wang, 2025).

## II. Literature Review and Hypothesis Development

The rapidly evolving digital financial landscape necessitates a robust theoretical foundation to comprehend its multifaceted impact on individual financial behavior. This study draws upon several prominent theories to construct a comprehensive framework for understanding the impact of e-wallet usage on Financial Management (FM) among Generation Z, with financial literacy as a mediating factor. The theoretical discussion aims not only to summarize prior literature but to logically build a pathway connecting foundational behavioral theories with contemporary digital finance contexts. This study incorporates financial behavior models to understand how digital tools interact with individuals' financial decision-making processes. Financial Literacy Theory posits that individuals with more substantial financial knowledge make more informed decisions regarding saving, investment, and consumption, thereby enhancing their financial well-being (Chhillar et al., 2025). This theory's relevance extends to digital financial ecosystems, where Financial literacy (FL) becomes paramount (Chhillar et al., 2025). The Behavioral Life-Cycle Hypothesis (BLC)

emphasizes mental accounting, which involves allocating resources into "mental accounts" for current consumption, precautionary saving, and long-term investment (Shefrin & Thaler, 1988). In the digital era, higher FL can facilitate BLC mechanisms through apps and digital dashboards that enable visual fund segregation and automated transfers, strengthening commitment to future financial goals (Chhillar et al., 2025). Financial behavior models provide a basis for analyzing how digital tools influence individuals' decision-making processes. Financial Literacy Theory explains that individuals with higher financial knowledge tend to make more informed and rational decisions about saving, investing, and consumption, which in turn promotes financial well-being (Chhillar et al., 2025).

This theory's relevance extends into digital ecosystems, as literacy now encompasses skills for using fintech applications safely and efficiently (Chhillar et al., 2025). The Behavioral Life-Cycle Hypothesis (BLC) emphasizes mental accounting, which involves categorizing resources into distinct mental categories, such as current spending, precautionary saving, and long-term investment (Shefrin & Thaler, 1988). Although originally formulated in a pre-digital context, BLC remains relevant as e-wallet dashboards, transaction histories, and budgeting features now serve as digital mental accounts, enabling users to visualize and commit to financial goals (Chhillar et al., 2025). Lastly, Self-Efficacy Theory posits that one's belief in their ability to perform a task determines their behavioral execution (Bandura, 1986). In digital finance, this translates into "digital financial self-efficacy," or confidence in one's capacity to manage fintech tools effectively (Chhillar et al., 2025). Together, these three theories form a logical bridge that explains how digital engagement (e-wallet usage) can influence financial management outcomes through the mediating roles of literacy and confidence. The proliferation of digital finance has led to a remarkable surge in e-wallet adoption globally, particularly in the Asia-Pacific region, driven by continuous technological innovation (Belmonte et al., 2024; Herzallah et al., 2025; Marhadi et al., 2024; Wang, 2025). In Indonesia, the growth of digital banking users has been substantial, with Generation Z emerging as a dominant group due to their technological fluency and adaptability (Herzallah et al., 2025; Kelly, 2024; Windasari et al., 2022). However, some research highlights that while Gen Z's adoption intention is high, consistent financial management outcomes are not always achieved, suggesting the need for a deeper behavioral explanation (Wang, 2025). Empirical evidence indicates that perceived usefulness, ease of use, social influence, facilitating conditions, and habit are key drivers of e-wallet adoption (Belmonte et al., 2024; Wu et al., 2022). Conversely, transaction costs, lack of trust, or perceived data insecurity may hinder adoption (Baxi et al., 2023; Belmonte et al., 2024). Interestingly, hedonic motivation sometimes fails to predict adoption, implying that Gen Z views e-wallets as practical financial tools rather than entertainment-driven applications (Kelly, 2024; Herzallah et al., 2025).

Digital finance integrates technologies such as big data, mobile platforms, and artificial intelligence to provide more accessible and efficient services (Li & Zhang, 2024). For Gen Z, e-wallets serve as multifunctional financial ecosystems that enable payments, budgeting, and savings all within a single interface (Herzallah et al., 2025). However, the same convenience may also trigger impulsive buying behaviors—a phenomenon strongly correlated with social media influence and low self-control (Nyrhinen et al., 2024). This dual nature—efficiency versus impulsiveness—underscores why financial literacy must be examined as a behavioral moderator and mediator (Chhillar et al., 2025). Effective financial management thus involves not only making informed decisions but also regulating emotional and impulsive spending (Wu et al., 2022). Financial literacy is central to sound economic decision-making, encompassing financial planning, debt management, and investment evaluation (Sadok & Elouaourti, 2025). In the digital era, literacy also extends to cybersecurity awareness and proficiency in using online financial platforms (Marhadi et al., 2024; Tohar & Akron, 2025). Individuals with higher literacy are more capable of adopting fintech tools strategically and avoiding risks of overconsumption or debt (Setiawan et al., 2022). Empirical studies confirm that financial literacy enhances both financial behavior and well-being (Chhillar et al., 2025). However, some contrasting findings suggest that high literacy alone may not guarantee prudent behavior without adequate self-regulation or contextual understanding (Wu et al., 2022). Moreover, Fintech may not significantly benefit financially literate users already integrated into traditional financial systems, indicating a boundary condition for its effectiveness (Marhadi et al., 2024).

Despite the abundance of research on e-wallet adoption, empirical studies examining its direct impact on financial management outcomes remain limited (Herzallah et al., 2025; Wang, 2025). Existing studies predominantly focus on intention or satisfaction rather than behavioral outcomes. Furthermore, few studies investigate the mediating role of financial literacy within this nexus, particularly among Gen Z in emerging economies such as Indonesia (Marhadi et al., 2024). Understanding this mechanism is crucial, as digital fluency does not automatically translate into effective financial control. Based on this theoretical integration, this study proposes a conceptual framework linking e-wallet usage, financial literacy, and financial management among Generation Z. E-wallet usage refers to engagement intensity, characterized by frequency, diversity of transactions, and the use of innovative features such as budgeting tools and automated transfers (Wu et al., 2022). Financial literacy (FL) encompasses both traditional and digital aspects, including budgeting, saving, investing, and cybersecurity competencies (Chhillar et al., 2025; Marhadi et al., 2024). Financial management (FM) involves strategic allocation, saving, and spending decisions aimed at achieving both short-term and long-term goals (Wu et al., 2023).

Financial Literacy (FL) In this study, financial literacy is primarily considered Financial literacy (FL). It refers to the comprehensive knowledge, abilities, and understanding of financial concepts and practices within the digital environment (Chhillar et al., 2025; Marhadi et al., 2024). This includes knowledge of budgeting, saving, and investing, as well as the capacity to effectively utilize digital financial management tools, online banking, mobile payment applications, and awareness of cybersecurity risks (Chhillar et al., 2025; Marhadi et al., 2024; Tohar & Akron, 2025). Financial management encompasses the comprehensive processes an individual undertakes to manage their financial resources effectively, achieving both short-term and long-term financial objectives (Wu et al., 2023). This includes active planning for future financial needs, vigilant control of spending and debt, and diligent evaluation of financial decisions related to income, expenses, savings, protection, and investments (Chhillar et al., 2025; Wu et al., 2022). Drawing from the established literature and the conceptual framework, the following hypotheses are formulated:

E-wallets offer convenient and efficient digital platforms that integrate various financial services, including payments, savings, and investments (Wu et al., 2022; Wu et al., 2023). Features such as transaction tracking, budgeting tools, and automated savings can streamline financial processes, potentially improving personal financial management behaviors (Chhillar et al., 2025; Herzallah et al., 2025). While the potential for impulse buying exists with digital payments (Nyrhinen et al., 2024), the hypothesis focuses on the enabling aspect of e-wallet features that support conscious financial decision-making and efficient management.

H1: E-wallet usage positively influences personal financial management.

Frequent and diverse engagement with e-wallet applications and their features can be a practical, experiential learning process. Users who navigate various payment options, explore investment tools, or manage savings within the app acquire hands-on digital financial knowledge and skills (Marhadi et al., 2024; Song et al., 2025). This repeated interaction fosters a deeper understanding of digital financial products, services, and associated risks, thereby enhancing digital financial literacy.

H2: E-wallet usage positively influences financial literacy.

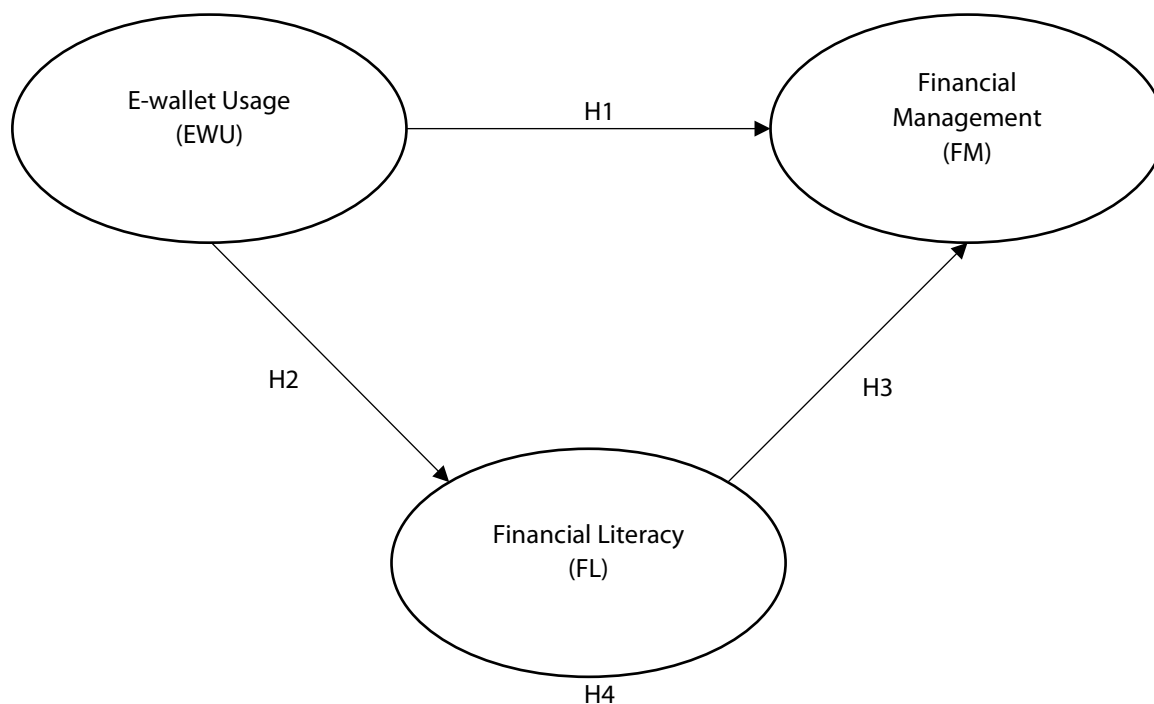
A high level of financial literacy, particularly digital financial literacy, equips individuals with the fundamental knowledge and cognitive skills necessary for effective financial decision-making in the digital age (Chhillar et al., 2025; Marhadi et al., 2024; Sadok & Elouaourti, 2025). This enables individuals to develop and adhere to budgets, save strategically, make informed investment choices, and better protect their financial information within digital ecosystems, directly leading to improved personal financial management (Chhillar et al., 2025; Tohar & Akron, 2025).

H3: Financial literacy positively influences financial management.

E-wallet usage offers the platforms and technological tools for various financial transactions and activities (Wu et al., 2022). However, the mere availability and use of these tools do not guarantee effective

financial management. Financial literacy, particularly FL, is a crucial mediating variable that empowers individuals to understand, evaluate, and strategically leverage these e-wallet functionalities (Chhillar et al., 2025). Without adequate financial literacy, the potential benefits of e-wallet usage for financial management may be diminished or could even lead to suboptimal financial outcomes, highlighting that literacy translates the potential of technology into actual improved behavior (Chhillar et al., 2025).

H4: Financial literacy mediates the relationship between e-wallet usage and financial management.



**Figure 1. Research Model**

### III. Research Method

The study adopts a quantitative approach to rigorously examine the hypothesized relationships between e-wallet usage, financial literacy, and financial management among Generation Z in Indonesia. The context for this study is the Indonesian Generation Z (Gen Z), defined in this research as individuals aged 17 to 27 years. Gen Z, born between approximately 1995 and 2012, is a digital natives who demonstrate high levels of innovative abilities and technological adaptability, making them a crucial demographic for understanding digital financial trends (Herzallah et al., 2024; Kelly, 2024; Rosli et al., 2023; Windasari et al., 2022). The minimum age for digital banking users in Indonesia is 17 years old (Windasari et al., 2022). This demographic is a key target segment for digital financial services, with a strong propensity to use mobile money services compared to other generations (Kelly, 2024; Windasari et al., 2022).

Purposive sampling was utilized to select study participants, specifically targeting active e-wallet users within the specified age range. This method involves selecting participants based on predefined criteria relevant to the research objectives (Windasari et al., 2022). This approach is widely used in digital behavior studies when the target population (active e-wallet users) cannot be precisely determined, ensuring that respondents have direct experiential relevance to the investigated phenomenon (Herzallah et al., 2025; Windasari et al., 2022). Previous research on digital wallet adoption has also employed purposive or convenience sampling to capture specific user segments, such as university students or young adults (Baxi et al., 2023; Herzallah et al., 2025; Tohar & Akron, 2025; Windasari et al., 2022).

This study surveyed 193 respondents, a sufficient sample size for multivariate analysis. Following Hair et al. (2014), the "10-times rule" suggests a minimum sample size equal to ten times the highest number of structural paths directed toward any endogenous construct. Given that the model includes three predictors, at least 30 participants are required (Chhillar et al., 2025). Thus, the 193 valid responses provide adequate statistical power for hypothesis testing and model validation.

Data were collected using a structured questionnaire comprising Likert-scale items (1 = strongly disagree to 5 = strongly agree). The questionnaire was developed by adapting items from validated scales in previous studies to ensure content validity (Belmonte et al., 2024; Chhillar et al., 2025; Wu et al., 2022). Prior to the primary survey, a pilot test was conducted with 30 participants to verify reliability, readability, and comprehension. Feedback from the pilot phase informed minor adjustments to the wording to better suit Indonesian Gen Z respondents. The final questionnaire included demographic information and items measuring e-wallet usage, financial literacy, and financial management behaviors. Data collection was conducted online through Google Forms and disseminated via social media (Instagram, WhatsApp, and Telegram academic groups), maximizing access to the Gen Z population (Herzallah et al., 2024; Tohar & Akron, 2025; Windasari et al., 2022). Ethical clearance was obtained, and participants provided informed consent before participation, ensuring compliance with ethical research standards (Belmonte et al., 2024).

## IV. Results and Discussion

### 4.1. Results

**Table 1. Sample Criteria**

Measurement	N	%
Age (year(s))		
17-19	117	61
20-22	63	33
23-25	9	5
26-27	4	2
Gender		
Male	62	32
Female	131	68
Latest Education		
Undergraduate	85	44
High School	100	52
Diploma	3	2
Graduate	5	3
Job		
Student	179	93
Unemployed	3	2
Private Employee	3	2
Freelancer	2	1
Civil Servant	4	2
Teacher	1	1
State-Owned Enterprise (SOE) team member	1	1
Monthly Income (Indonesian Rupiah)		
< 1.000.000	140	73
1.000.000 - 3.000.000	39	20
3.000.001 - 5.000.000	9	5
5.000.001 - 10.000.000	3	2
> 10.000.000	2	1

The descriptive statistics in Table 1 show that most respondents were between 17 and 19 years old (61%), followed by those aged 20 and 22 years (33%), with only a small proportion aged 23 to 25 years (5%) and 26 to 27 years (2%). Regarding gender, the majority were female (68%), while male respondents accounted for 32%. Regarding the latest educational attainment, over half (52%) had completed high school, followed by undergraduate students (44%), with a small fraction reporting a diploma (2%) or a graduate degree (3%). These results indicate that the sample primarily represents young members of Generation Z who are at the early stages of higher education. When viewed by occupation, the majority of respondents were students (93%), while the rest reported being unemployed (2%), private employees (2%), civil servants (2%), freelancers (1%), teachers (1%), or employees in a state-owned enterprise (1%). Regarding monthly income, most respondents (73%) earned less than IDR 1,000,000, reflecting their student status and financial dependence on allowances or part-time jobs. Meanwhile, 20% reported earnings of IDR 1,000,000–3,000,000, 5% between IDR 3,000,001–5,000,000, 2% between IDR 5,000,001–10,000,000, and only 1% more than IDR 10,000,000. The sample is predominantly composed of young female students with relatively low incomes, which aligns with the general profile of Generation Z in Indonesia. The descriptive results confirm that most respondents were young female students with relatively low incomes, aligning with typical Indonesian Gen Z socioeconomic characteristics, which validates the suitability of the sample for this research context.

Before testing the hypotheses, the data underwent rigorous reliability and validity assessments. Cronbach's Alpha and Composite Reliability (CR) were used to ensure internal consistency (Herzallah et al., 2024). Confirmatory Factor Analysis (CFA) was conducted to establish construct validity, evaluating how well observed variables reflect their corresponding latent constructs (Baxi et al., 2023; Hair et al., 2014). These analyses are crucial for confirming the psychometric properties of the measurement model before proceeding to structural model assessment (Hair Jr. et al., 2014; Herzallah et al., 2025).

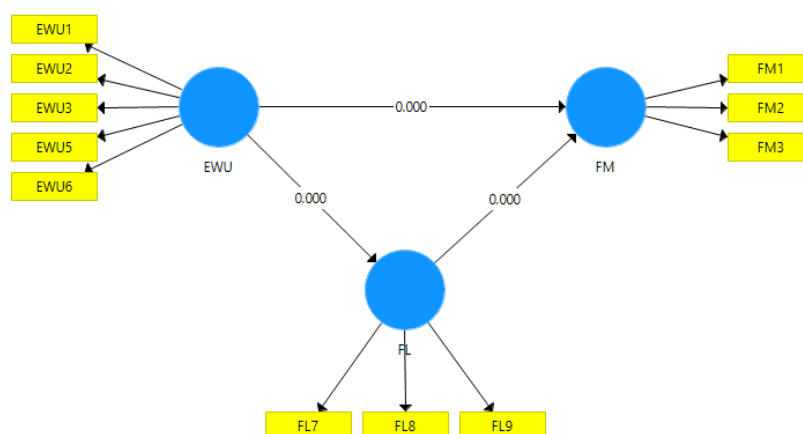
**Table 2. Validity and Reliability Testing Result**

Variable	Item	Outer Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
E-Wallet Usage	EWU1	0.831	0.862	0.902	0.649
	EWU2	0.934			
	EWU3	0.737			
	EWU5	0.765			
	EWU6	0.745			
Financial Literacy	FL7	0.751	0.763	0.864	0.681
	FL8	0.845			
	FL9	0.874			
Financial Management	FM1	0.884	0.774	0.869	0.691
	FM2	0.876			
	FM3	0.724			

The outer model analysis, as shown in Table 2, shows that all constructs meet the criteria for validity and reliability. The outer loading values range from 0.724 to 0.934, exceeding the minimum threshold of 0.70, confirming convergent validity. Similarly, the Average Variance Extracted (AVE) values are above 0.50, with 0.649 for E-Wallet Usage, 0.681 for Financial Literacy, and 0.691 for Financial Management, indicating that each construct explains more than half of the variance of its indicators. In terms of reliability, both Cronbach's Alpha (0.763–0.862) and Composite Reliability (0.864–0.902) surpass the recommended cutoff of 0.70, demonstrating strong internal consistency. These results confirm that the measurement model is valid and reliable, thus providing a robust basis for subsequent structural model testing.

Multiple linear regression was employed to examine the direct effects hypothesized in the study (H1, H2, H3). This method allows for the assessment of how individual independent variables (e-wallet usage, financial literacy) directly influence dependent variables (financial management) (Tohar & Akron, 2025). To

test the mediation effect (H4) and the overall conceptual model, Structural Equation Modeling (SEM), specifically using Partial Least Squares Structural Equation Modeling (PLS-SEM), was employed. PLS-SEM is a robust multivariate analysis technique particularly suitable for exploratory research, theory development, and situations involving complex relationships among latent constructs (Chhillar et al., 2025; F. Hair Jr et al., 2014; Herzallah et al., 2025; Marhadi et al., 2024; Wu et al., 2022). This approach enables the simultaneous estimation of direct and indirect effects, thereby comprehensively evaluating the proposed theoretical framework (Chhillar et al., 2025). The analysis involves assessing the significance of path coefficients through bootstrapping, typically with 5,000 resamples (Herzallah et al., 2025). For all statistical tests, the significance level is  $p < 0.05$ , indicating that findings with a p-value less than 0.05 are considered statistically significant (Chhillar et al., 2025; Herzallah et al., 2025).



**Figure 1 Inner Model Analysis Result**

**Table 3. Hypothesis Testing Result**

	Original Sample (O)	T Statistics ( O/STDEV )	P Values	Interpretation
H1: EWU -> FL	0.331	4.502	0.000	Significant
H2: EWU -> FM	0.273	4.032	0.000	
H3: FL -> FM	0.424	5.713	0.000	
H4: EWU -> FL -> FM	0.14	4.396	0.000	

Table 3 shows that the inner model analysis indicates all hypothesized relationships are statistically significant. The path coefficient from E-Wallet Usage (EWU) to Financial Literacy (FL) is 0.331 ( $t = 4.502, p < 0.001$ ), indicating a positive and significant effect. Similarly, e-wallet usage in Financial Management (FM) has a coefficient of 0.273 ( $t = 4.032, p = 0.000$ ), indicating that higher e-wallet usage contributes positively to financial management. Moreover, the relationship between Financial Literacy and Financial Management demonstrates the most potent effect, with a coefficient of 0.424 ( $t = 5.713, p = 0.000$ ), confirming that financial literacy is crucial in enhancing financial management. Finally, the mediating effect of Financial Literacy between E-Wallet Usage and Financial Management is also significant ( $\beta = 0.140, t = 4.396, p = 0.000$ ).

## 4.2. Discussion

### 4.2.1. E-Wallet Usage (EWU) on Financial Literacy (FL)

The path coefficient of 0.331 ( $t = 4.502, p = 0.000$ ) confirms a significant positive effect of E-Wallet Usage on Financial Literacy. This finding suggests that increased e-wallet usage contributes to improved financial literacy among Generation Z. This relationship challenges conventional perspectives that view financial literacy as a prerequisite for technology adoption. Instead, it supports an emerging reciprocal framework where digital engagement fosters knowledge acquisition (Marhadi et al., 2024; Chhillar et al., 2025).

The adaptive learning process in fintech ecosystems enables users to learn by doing, where repeated digital transactions enhance their understanding of budgeting, payment systems, and online security (Setiawan et al., 2022; Windasari et al., 2022). Empirical studies in emerging economies show similar dynamics, where interaction with financial technology increases awareness of digital risk management and savings behavior (Rosli et al., 2023; Kelly, 2024). These findings extend previous theories by positioning digital experience as an informal yet practical educational pathway for developing financial capability—especially relevant to Gen Z, who often learn outside formal financial education systems.

#### 4.2.2. E-Wallet Usage (EWU) on Financial Management (FM)

The path coefficient of 0.273 ( $t = 4.032$ ,  $p = 0.000$ ) indicates a significant positive relationship between E-Wallet Usage and Financial Management. Generation Z users utilize e-wallet features, including transaction histories, expense summaries, and instant notifications, to more efficiently monitor and control their spending (Belmonte et al., 2024; Herzallah et al., 2025). This aligns with prior findings that digital finance platforms enhance financial self-regulation by automating routine processes and providing real-time feedback on user spending (Wu et al., 2022). For instance, Herzallah et al. (2024) emphasize that e-wallets improve users' perception of control, a core component of behavioral financial management theory. Moreover, studies in Southeast Asia have shown that mobile financial applications promote better budgeting habits among young people due to their integration of gamified goal-setting tools (Tohar & Akron, 2025). However, despite these benefits, the relationship also implies a potential dependency on digital systems for financial decision-making—highlighting the need for balanced financial awareness beyond convenience.

#### 4.2.3. Financial Literacy (FL) on Financial Management (FM)

The path coefficient of 0.424 ( $t = 5.713$ ,  $p = 0.000$ ) represents the most substantial effect among all relationships tested, confirming that Financial Literacy significantly enhances Financial Management. This supports established financial behavior theories, which assert that individuals with higher financial knowledge demonstrate better budgeting, saving, and debt management behaviors (Chhillar et al., 2025; Sadok & Elouaourti, 2025). Unlike earlier models emphasizing cognitive knowledge alone, recent frameworks highlight the interplay between knowledge, attitudes, and confidence in driving financial behavior (Tohar & Akron, 2025; Sconti et al., 2024). Gen Z individuals with higher digital literacy tend to exhibit proactive financial attitudes, enabling them to make informed financial decisions and maintain resilience in the face of economic uncertainty. This consistency with prior studies reinforces the argument that financial literacy is not merely an individual attribute but a mediating resource that connects technology use to improved financial well-being (Wu et al., 2022). The path coefficient of 0.424 ( $t = 5.713$ ,  $p = 0.000$ ) represents the most substantial effect among all relationships tested, confirming that Financial Literacy significantly enhances Financial Management. This supports established financial behavior theories, which assert that individuals with higher financial knowledge demonstrate better budgeting, saving, and debt management behaviors (Chhillar et al., 2025; Sadok & Elouaourti, 2025). Unlike earlier models emphasizing cognitive knowledge alone, recent frameworks highlight the interplay between knowledge, attitudes, and confidence in driving financial behavior (Tohar & Akron, 2025; Sconti et al., 2024). Gen Z individuals with higher digital literacy tend to exhibit proactive financial attitudes, enabling them to make informed financial decisions and maintain resilience in the face of economic uncertainty. This consistency with prior studies reinforces the argument that financial literacy is not merely an individual attribute but a mediating resource that connects technology use to improved financial well-being (Wu et al., 2022).

#### 4.2.4. E-Wallet Usage (EWU) mediating Financial Literacy (FL) on Financial Management (FM)

The path coefficient for this indirect effect is 0.14, with a T-statistic of 4.396 and a P-value of 0, indicating a significant mediating effect of Financial Literacy. This finding is crucial, as it suggests that e-wallet usage does not directly enhance financial management in isolation, but rather through improving financial literacy. In other words, using e-wallets likely exposes Generation Z individuals to more financial concepts, necessitating a deeper understanding of transactions, which leads to improved financial literacy. This enhanced literacy, in turn, translates into better financial management. This mediation aligns with theoretical frameworks where a foundational understanding (like financial literacy) is a prerequisite for effective action (Chhillar et al., 2025). Similar mediation mechanisms have been observed in other digital finance contexts, such as technology level influencing financial inclusion through digital finance (Li & Zhang, 2024). The adaptive learning process initiated by e-wallet adoption can be seen as the mechanism by which EWU enhances FL, subsequently leading to improved FM (Marhadi et al., 2024). This suggests that while e-wallets offer tools for managing finances, the educational aspect inherent in their use plays a crucial role in developing comprehensive financial management skills among Generation Z.

The hypothetical findings of this study suggest that all four hypotheses (H1, H2, H3, and H4) are supported. This suggests that e-wallet usage directly contributes to enhanced financial management and promotes financial literacy, ultimately leading to improved financial outcomes. Financial literacy is confirmed as a vital mediating mechanism, explaining how Gen Z transforms their interaction with digital payment platforms into tangible financial management skills.

## V. Conclusion

This study investigated the relationships between e-wallet usage, financial literacy, and financial management among Generation Z in Indonesia, yielding important theoretical and practical insights into digital finance behavior. The findings confirm that e-wallet usage has a positive impact on financial literacy and financial management, with financial literacy also positively influencing financial management outcomes. Financial literacy significantly mediates the relationship between e-wallet usage and financial management, highlighting that while e-wallets provide technological means for transactions, the user's financial knowledge determines whether these tools lead to improved financial outcomes. This mediation effect highlights the importance of combining Gen Z's digital fluency with financial acumen to mitigate risks such as impulse buying and cybersecurity threats. Theoretically, this research extends established models, such as financial behavior frameworks, by demonstrating that the actual use of digital tools impacts financial management outcomes when mediated by cognitive factors, like financial literacy. This contributes to filling a research gap regarding the role of digital financial literacy as a behavioral pathway, supporting theories such as the Behavioral Life-Cycle Hypothesis and Self-Efficacy Theory, which reinforces the idea that digital tools, when properly understood, strengthen individuals' commitment to financial goals and responsible spending.

Beyond theoretical contributions, this study also presents significant practical implications. For policymakers, the findings underscore the need for comprehensive digital financial literacy programs integrated into the national curriculum, focusing on fundamental financial concepts and practical skills, such as budgeting, saving, and safe online transactions, alongside stronger regulatory frameworks to enhance digital trust and security. Educators are encouraged to implement interactive learning modules that simulate real-world e-wallet usage, develop students' self-control in digital purchasing environments, and raise awareness of risks like online fraud and impulse buying. Fintech companies, meanwhile, should enhance e-wallet platforms with user-friendly features such as expense tracking, smart budgeting, and automated savings, while also embedding educational content to promote responsible usage. Strengthening security measures, ensuring transparent communication about data protection, and leveraging social influence responsibly through Gen Z communities can further foster adoption and literacy. By fostering collaboration among government, educators, and fintech providers, Indonesia can maximize the potential of e-wallets to

accelerate financial inclusion and empower Generation Z with the digital financial literacy necessary for sustainable financial management in the digital economy.

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